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INSURANCE INSTITUTE OF INDIA

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QUOTE OF THE WEEK

“A genuine leader is not a searcher for consensus but a molder of consensus.“

- Martin Luther King, Jr.

INSIDE THE ISSUE

INSURANCE INDUSTRY

Budget 2019: Announce accidental insurance, concessional credit for traders, CAIT urges PM - The Economic Times (Delhi edition) – 23rd January 2019

Traders' body CAIT Wednesday demanded an incentive package from Prime Minister Narendra Modi for traders such as an accidental insurance coverage, credit at concessional rates and rationalisation of GST slabs.

In a letter to the prime minister, the Confederation of All India Traders (CAIT) said: "We shall request you to either declare the package before Budget or include the same in the forthcoming Budget."

Their demands include an accidental insurance of Rs 10 lakh for traders registered under the goods and services tax (GST); subsidy for purchasing computers and allied goods; national policy for retail trading and e-commerce; retail regulatory authority; and establishment of a trade promotion council.

"It is also urged that the traders should be given loan by banks at a concessional rate of interest. So far, only 5 per cent of the small businesses could able to obtain loans and balances are dependent upon private moneylenders, relatives and other sources," CAIT said.

On GST, it suggested that tax slab of 18 per cent should be abolished and the 28 per cent slab should be restricted only to most luxurious items. "Commodities like auto parts, cement should be taken out from 28 per cent tax slab and may be placed under 12 per cent slab. Items used as raw material and daily use items of poor section should be placed under 5 per cent tax slab," it added.

The confederation also asked for simplification of GST, pension scheme for the traders registered under GST, abolition of mandi tax and toll tax, and a model tenancy act for curtailing litigations between landlords and tenants. Further, it asked for conducting a nationwide survey of retail trade to gather financial and social status of the sector so that proper policies and programme can be formulated.

"We also request that direct lending by banks under MUDRA scheme should be disbanded and non-banking finance companies, micro finance institutions and private moneylenders duly registered should be roped in to lend money," it added. Moreover, the confederation suggested that all digital payments should be free from levy of bank charges to encourage digital payment.

"As of now, banks are charging 1-2 per cent charges for digital payment transactions which discourage people to adopt digital payment system," it said, adding that tax benefits and other incentives should also be given for adoption and acceptance of digital payments by the traders and consumers.

TOP

Source

IRDAI: The key that can give India access to infra funds worth $4.5 trillion - The Economic Times (Delhi edition) – 23rd January 2019

India needs infrastructure to grow, but there's hardly anyone to fund it.

Over the years, banks — the largest financial intermediaries — have slowly begun to withdraw from the segment after poorly structured financing, corruption, regulatory loopholes and judicial interventions inflicted losses that have held them back for nearly five years.

Alternative mode of finance — the bond market — is shallow and is yet to evolve, making it difficult for anyone with an idea to build a port or a power plant to find the financial resources.

That has led to the contraction of investments' contribution in the gross domestic product growth to 29.2%in the second quarter ended September 2018, from 38.69%in 2012-13, when the growth engine was kept humming with huge credit from the banking sector.

The outstanding bank credit to the infrastructure sector which was at Rs 9.85 lakh crore in March 2016, after compounding an annual 39% for 15 years, fell to Rs 8.9 lakh crore in last fiscal as banks turned averse to infrastructure lending.

"Form a CASA (current account savings account) perspective, if infrastructure becomes a large part of a bank's exposure, there are chances of asset-liability mismatch," says Ramraj Pai, president at Crisil, a unit of Standard & Poor's. Asset-liability mismatch arises if banks take one year deposits to lend for five years.

One of the reasons for banks' infrastructure loans turning bad was that they mobilise one-year, or even shorter-term deposits for building power and road projects that took five years to build. This kind of funding became unviable for the projects and unjustifiable for banks.

Who could fund India's future? Insurers could be the answer.

While funds that are lying with both banks and mutual funds — which form 48% of household savings with the financial services industry — are of short term in nature, it is the insurance companies which own funds for nearly two decades as individuals save for their retirement.

"There is a definite win-win situation if investment becomes a bit more open," said Vineet Arora, chief executive at Aegon Life. "There is a mandate of putting money into infrastructure. If we get freedom to choose and increase the limit into infrastructure…. It is good if we can get a paper of 20-30 years, whether it is infrastructure or government securities. It helps us design our asset liability and that is why you see insurance companies globally being big investors in infrastructure."

But that needs a sea change in the way the regulator looks at projects, especially the ones that take years to begin payments.

INVESTMENT RULES

Insurance companies, which are custodians of the nest egg of millions of middle class men, are guided by the rules laid down by the Insurance Regulatory & Development Authority of India (IRDAI) where prudence takes precedence over returns.

The IRDAI stipulates that life insurers invest 50% in government bonds, 35% in other approved securities and 15% in infrastructure firms. It prohibits companies from investing in bonds rated below AA.

That makes a substantial portion of the bonds outstanding in the market as no-go area for insurers. As far as top investment grade bonds are concerned, there are hardly any infrastructure companies. How does one solve the issue where one segment is crying for fund and the other that has it in plenty is unable to lend?

The regulator needs to relook at its investment guidelines.

"A combination of more sophisticated oversight to make sure that risks are not building up in the insurance sector, plus a greater degree of liberalisation has to happen because at the end of the day an insurance company is an asset manager," says Jaideep Khanna, head of Barclays, Asia-Pacific. "As the insurance sectors become more sophisticated, they should be offering different kinds of products and provide capital to fuel the growth of the country."

While there is a need for making long-term funds available for long gestation projects, there are inherent worries about these projects and the returns associated with them.

"Many infrastructure loans that have turned sour have been covered by government guarantees," said J Hari Narayan, the former chairman of IRDAI. "The government has not delivered on its guarantees. Banks can't take on a government after it fails to honour the guarantee."

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Source

'With regulatory reforms and high GDP growth, insurance sector to get a boost' - The Hindu Business Line – 22nd January 2019

Expressing confidence about the country's insurance sector, Moody's Investors Service, on Tuesday, said it will grow strongly on the back of robust GDP growth and evolving regulations.

Insurance penetration

Projecting real GDP growth at 7.4 per cent and 7.3 per cent in 2018-19 and 2019-20, respectively, Moody's Investors Service, in a report, said: "This, coupled with the current low insurance penetration, should support double-digit growth for the non-life sector over the next three to four years."

During fiscal 2018, total gross premiums for the non-life and life insurance sectors grew 11.5 per cent to Rs. 6 lakh crore, bringing the five-year compound annual growth rate to 11 per cent, it noted.

"Liberalisation of the reinsurance sector – with the admission of foreign reinsurers since 2017 and IRDAI's steps to ensure that they can compete with incumbents – will specifically benefit the non-life sector," said the report titled 'Insurance – India: Continued Regulatory Evolution is Credit Positive for India's Insurance Sector'.

Moody's also believes that regulatory reforms will improve the sector's capital strength. In 2015, IRDAI raised the ceiling on foreign ownership of Indian insurers to 49 per cent from 26 per cent, encouraging global players to buy holdings in local entities.

Additionally, the Ayushman Bharat insurance scheme will also give an impetus to health insurance and provide cover to 100 million families.

"This is credit-positive as it will help grow health premiums and provide insurers with cross-selling opportunities," said the report, but noted that as most States plan to run it on the trust model, it will limit the full growth potential for insurers.

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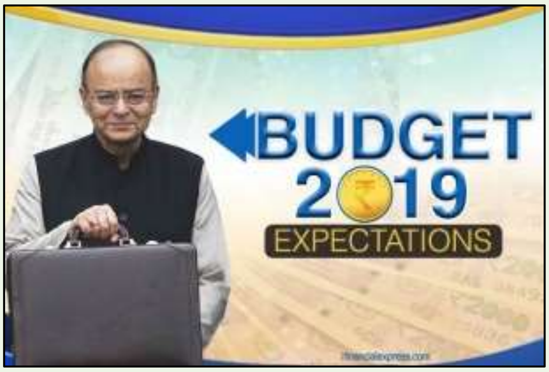
Source

Budget 2019 Expectations: Insurance sector wants positive tax benefits, regulatory framework – Financial Express – 21st January 2019

India Union Budget 2019 Expectations: The Modi government's first Interim budget is set to be tabled on February 1. With Finance Minister Arun Jaitley hinting that there may be a departure from the traditional norms depending upon the interests of the larger economy, common, industry and market players are expecting positive announcements from the Centre in the Budget 2019.

Budget 2019 would be a key one as 2018 has been an important year for the Insurance sector with multiple announcements and regulatory changes, Chief Financial Officer of SBI General Insurance Rikhil Shah said. Several key decisions were taken by the central government such as the merger of 3 public sector undertaking (PSU) non-life insurers, Ayushman Bharat, changes in rules for motor insurance and inclusion of mental illness in health insurance, in the interest of the consumer, Shah said.

Shah hopes that Union Budget 2019 will bring more good news for the insurance sector. He predicted that there might be some tax exemptions for the patrons in the interim budget. Shah has welcomed a GST cut for the insurance industry.



Shah also expects that positive tax benefits in the home insurance area as in the last year there were a few major calamities and home insurance has certainly gained importance.

Shah also hopes for some regulatory framework in the healthcare or pharma industries to make insurance a reality for all in India. Shah also expects the focus of the government to be more on the protection space for the wellbeing of the population.

India Budget 2019 will be Finance Minister Arun Jaitley's sixth budget. A few days ago, talking to News18, FM Jaitley said that in the election year, the central government generally presents an interim Budget. However, in the case of Budget 2019, there could be changes as Jaitley said the larger interest of economy always dictates what goes into an Interim Budget. Any big announcements will assume political significance as the Lok Sabha elections 2019 is barely a few months away.

Source

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Insurance sector turns focus on product structures – Mint – 19th January 2019

The year 2018 saw a change of guard at the Insurance Regulatory and Development Authority of India (Irdai). After industry insider T.S. Vijayan's five-year term came to an end, former bureaucrat Subhash C. Khuntia took office in May.

Under Khuntia, Irdai's most prominent task has been to relook at insurance products—life, health and motor. In that sense, this year can be seen as the founding year of important reforms the industry is likely to witness.

From a regulatory standpoint, the work on reviewing insurance products moved ahead a few inches. In 2017, Irdai set up a product committee to review product regulation and one of the main concerns of the committee was high surrender costs in traditional plans that also bundle up as investment products.

Taking the work forward, Irdai set up a working group in July this year and in October came out with draft guidelines that eased surrender penalties but only slightly.

While this would be seen as a missed opportunity to tackle the problem of high surrender costs in traditional plans that dominate the market currently, the draft gave a new lease of life to unit-linked pension plans by making them more flexible in offering partial withdrawals and a higher take-home on maturity. It also increased the revival period of a lapsed traditional policy from two to five years.

"This is a positive step and if implemented it will proactively encourage the industry to curb lapsation by convincing the policyholders to revive their policies. For an industry where lapsation is a real threat, this is a welcome move," said Pankaj Razdan, managing director and chief executive officer, Aditya Birla Sun Life Insurance Co. Ltd and deputy CEO at Aditya Birla Capital.

Source

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IRDAI REGULATION

Irdai to pick systemically important insurers - Financial Chronicle- 25th January 2019

As part of the efforts to mitigate systemic risks, insurance regulator Irdai has started the process of identifying large insurers that are systemically important. Enhanced regulatory framework will be put in place for such systemically important insurers. In the backdrop of the failure of IL&FS, this step is viewed by the industry as critical for mitigation of risks.

Irdai has set up a committee to study the methodology of identification and recommend enhanced supervision measures. The committee will submit its report in six months.

According to the regulator, some insurers, due to their size, cross-jurisdictional activities, complexity, lack of substitutability and interconnectedness, become systemically important. Any disorderly failure of these insurers has the potential to cause significant disruption to the essential services they provide to the policyholders and in turn to the overall economic activity of the country. Therefore, the continued activity of systemically important insurers (SII) is critical.

These insurers are perceived as 'too big to fail' and this perception creates expectation of government support at the time of distress.

"In India the insurance sector has grown exponentially in the last 15 years and a few of the insurers have a sizeable market share and are interconnected with other financial institutions as well. The authority feel that there is a need to identify who are systemically important and put in place a system of enhanced regulatory framework for such insurers," said the regulator.

Moreover, the International Association of Insurance Supervisors, a global organisation of insurance regulators, also wants its members to have a regulatory framework to deal with domestic systemically important insurers. Irdai is a member of the IAIS. "In the context of IL&FS fiasco, it has become all the more important to identify such insurers and have a framework to deal with them," said an industry expert.

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Source

Irdai sets up a panel to identify systemically important insurers – Business Standard – 23rd January 2019

Insurance regulator Irdai Wednesday set up a panel to identity domestically systemically important insurers (SII) and put in place an enhanced regulatory framework for them.

Explaining the rationale for having enhanced regulatory watch for SIIs, Irdai said their failure has potential to cause significant disruption to the essential services they provide to policy holders and to the overall economic activity in the country.

SIIs are perceived as insurers that are 'too big to fail'.

"The continued functioning of SIIs is critical for the uninterrupted availability of uninterrupted insurance services to the real economy," said the Insurance Regulatory and Development Authority of India (Irdai).

The committee headed by Pravin Kutumbe, Member-Finance & Investment, Irdai, has been asked to submit report in six months.

As per the terms of reference, the panel has also to develop a paper on assessment methodology for SIIs in India and recommend enhanced supervision for them.

Source

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Policy holders may get option to receive accident/health claim benefits in installments - The Hindu Business Line – 21st January 2019

Policy holders may get the option to receive payment of claims in installments in the instance of a personal accident (PA)/ benefit based health insurance. This would be implemented once the recommendations of a committee are accepted by the Insurance Regulatory and Development Authority of India (IRDAI).

Various general/ health insurance companies have proposed to the insurance regulator the need to give an option to policy holders to receive payment of claim benefits in these two type of policies.

The concept may be altogether new to the general/ health insurance industry, but it is in vogue since long in the life insurance industry, especially in respect of endowment policies, where maturity claim benefits are paid in installments to the policyholders.

IRDAI had set up a working group to study the proposal.

The settlement of PA/ benefit based health insurance claims in installments should not be a default option, said the report, which has been made public.

"The General and Health insurance companies may be allowed to offer the option of payment of claims in installments or in lump-sum upon happening of a contingent event in cases of indemnity products that have a fixed component, as well," it said.

For example specific illness (like cancer) based product that has both fixed benefit and indemnity components.

The provision of getting the claims in installments or lump-sum is a decision that should be taken by the policyholder and not the insurance company, the report said, and added that an explicit consent should be taken by the insurer from the insured.

On tenure of the claim installments, the report recommended that "the claim payment period can be capped up to a maximum of five years as per the needs of the target customers".

The outstanding claims shall be invested in line with the extant IRDAI Investment Regulations, it added.

TOP

Source

LIFE INSURANCE

The life insurance gender gap hurts Indian women – The Telegraph – 24th January 2019

According to the Economic Survey of 2018, the penetration of life insurance policies in India was a low 3.49 per cent. The figure denotes the ratio of the value of premiums paid to the gross domestic product of the economy.

This figure is low compared to many other nations. For instance, in Japan and South Korea, the corresponding figures are close to 7 per cent.

According to the Insurance Regulatory and Development Authority of India, the total number of life insurance policy holders in 2017-18 was 28.2 million. Of this total, only 32 per cent were women. Hence not only is the penetration low but the gender gap is also substantial.

Gender gaps abound in India in various aspects of life, such as income and wealth, access to adequate nutrition, health services and education. This particular gap regarding life insurance has a number of implications that are worth noting. Typically for working men with spouses as homemakers, the life-assured person is the male with the spouse as the nominee. The male income earner gets a tax advantage, if applicable.

The demise of the non-insured spouse is not taken as a risk because the cash income of the household is not affected. However, what is not realized in a society where women are discriminated against is that the cash outlay of the household goes up because the work the lady of the house used to do would have to be outsourced to paid workers.

Hence the overall expenses of the household would rise. In India, financial planning and saving for the future are not done with care and concern. In poor families, risk is so pervasive that it often becomes a part of life and outcomes are treated as inevitable destiny. In middle class homes, the lives of non-working spouses are not treated as a component of future risk.

If the women of the household are part of the savings scheme at all, it is usually geared towards the accumulation of adequate wealth for their wedding expenses that need to be met. There is a deeper question hidden here; what is the worth of the life of a homemaker? It is revealed (in the risk management strategies adopted by households) to be pretty low.

This reflects social prejudice coupled with faulty economic reasoning. Covering risk is an essential part of financial planning. Like many other things in the nation, it remains skewed against women.

TOP

Source

Budget 2019: Life insurance industry's expectations from the Interim Budget - Financial Express – 23rd January 2019

In over a week from now, Finance Minister Arun Jaitley would present the annual Union Budget 2019 which will be an Interim Budget before the general elections 2019. This year's budget holds great significance as it will be current government's last budget to be presented just before the Lok Sabha elections and the government in power will try to give maximum benefits to the people in order to win their trust.

On the heels of the current scenario, the life insurance industry of India is seeking higher tax exemptions, separate section under the Income Tax Act, GST waiver for Pure Protection Plans, Lock-in period of ULIPs to be reduced to 3 years, and a lot more in the upcoming Interim Budget as it will help in increasing insurance penetration in India.

Life insurance industry experts believe that the required awareness about the true purpose of life insurance in India is comparatively low among the people. A recent report states that with a population of over 133 crore, the country's life insurance penetration rate is even less than 3% of the entire GDP. Moreover, the premium recovered from term insurance is currently even less than 1% of the total premium received from the entire life insurance industry. This disparity is equally responsible for bridging a wide gap in the Sum Assured value that exists in the country. In the upcoming budget, life insurance companies are demanding a few alterations in the regulatory system that can play a major role in immediate growth of the life insurance sector.

First, the insurers are demanding that a separate section must be created under the Income Tax Act (over and above 80C) that gives tax rebate to the people on premium paid towards Pure Life Insurance policies. Second, a GST waiver must be approved for Pure Protection Plans that includes both Term Life and Health. Most insurers firmly believe that it is in the government's interest to promote such protection plans (Term Life and Health) by making GST zero so that more and more people personally prefer taking protection plans for a secured future. Currently, the GST of 18% implied by the government is pretty high from a customer's point of view.

Another major change that insurers are demanding is in the Unit Linked Insurance Plans that are gaining quick popularity among people who are looking for long-term investment-cum-insurance products. People have finally started feeling excited to invest into ULIPs that give dual benefits of insurance cover and market-linked returns and are available as zero-commission products coupled with loyalty bonus and additional allocation opportunities.

Though the fund management charges have been brought down to as low as 1.35%, the market penetration of these plans still remains a major challenge. Some smart initiatives expected from the government in this year's budget which can help the consumers significantly include reduction of the lock-in period to 3 years from 5 years (comparable to ELSS) and a GST waiver of charges which is currently 18%.

Some new regulations are also expected around retirement solutions through Life Insurance Plans. Industry experts believe that life insurance products in India are not preferred as the primary choice of consumers in terms of investment into a retirement corpus. Most of the Life Insurance Retirement plans that the insurers are offering to the consumers have to somewhere compete with the National Pension System (NPS).

In order to stay in the competition, the insurers are expecting a couple of recommendations in the Interim Budget 2019. The most important recommendation expected is to make the pension received from pension products tax-free. Moreover, they must be brought at par with NPS by making the pension plans eligible for tax exemption under a special section (much like Sec 80ccd created for NPS).

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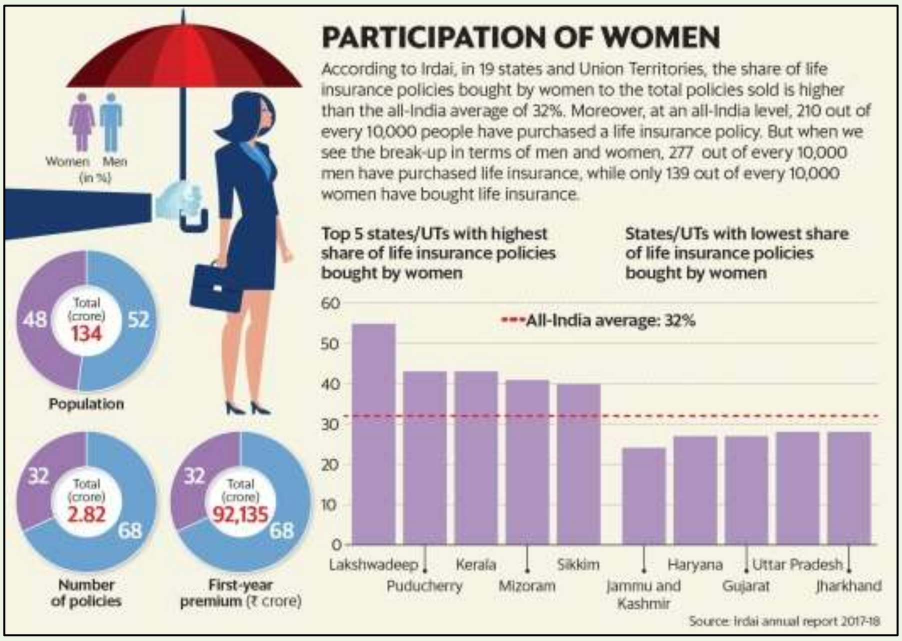
Source

Women bought 32% of life insurance policies in 2017-18, shows Irdai data – Mint – 23rd January 2019

While data from the International Labour Organisation shows that the overall participation of women in the workforce has declined over the past decade, another set of data on life insurance policies indicates that participation of women in the formal sector may actually be higher as of 2017-18.



According to the latest annual report by the Insurance Regulatory and Development Authority of India (Irdai), women bought 32% of the total individual life insurance policies sold in India in 2017-18. On the other hand, ILO data shows that participation of women in the Indian workforce declined to 27.21% in 2017 from the peak of 36.78% in 2005.

Most of the investment in life insurance happens through people who are employed in the formal sector and as the participation of women is increasing there, it is also getting reflected in the number of policies that they are buying, said R.M. Vishakha, managing director and CEO, India First Life Insurance Co. Ltd.

Another reason why more women are seen buying insurance is that often working men in the family buy investment-linked insurance policies in the name of non-working members, including women. Deepali Sen, founder of Srujan Financial Advisers LLP, agreed that it is a common practice.

The total number of individual life insurance policies issued in 2017-18 was 28.2 million, of which about 9 million were bought by women and 19.1 million by men. The policies included insurance products like term insurance, traditional plans as well as unit-linked insurance plans or Ulips. It's not clear if this is an improvement over previous years as this data is not regularly released.

Protection versus investment

Even though there is lack of clear data, according to Vishakha, more women tilt towards savings and investment products from the life insurance stable rather than term plans as compared to men. "Unfortunately we do not have a formal study, but you will find a lot of women not thinking that they contribute financially. Also, it is rare to find instances where the woman earns more than the man and, therefore, there is always a feeling that the income from the man is more significant and needs to be protected. That makes women buy more savings and investment-oriented policies," she said.

Sen added that this trend does not come as a surprise because there is no need for a (term) insurance policy if someone does not have dependants. "Otherwise, I do not see a difference in approach towards life insurance from men or women," she said, adding that in case of both men and women she advises she has to drive home the point that approaching life insurance as an investment product is a losing proposition.

Financial planners suggest individuals having dependants on their income to take a term insurance policy. These are plain-vanilla life insurance plans where the premium paid goes completely towards underwriting the risk of loss of life of the policyholder and there is no payout at maturity. These policies, typically, cost less than other life insurance products.

However, some planners also highlight the importance of even home-makers taking term plans as their household management actually translates into savings. Some insurers, too, give a term insurance to women who are not formally working or are home-makers. This is typically available only for those women, whose husbands already have a term insurance policy. The sum assured given in such cases is 50% of the sum assured of the husband.

India has a huge insurance gap, but now that women are buying life insurance policies, it makes sense for them to do proper risk analysis and insure themselves adequately instead of looking at insurance from the lens of investment and tax saving only.

TOP

Source

No more gloom: Insurers focus on health, wellness to woo customers - The Hindu Business Line – 22nd January 2019

Longer lifespan & rising incomes turning out to be life-changers for insurance companies

With longer lifespan and rising incomes, insurers seem to be turning their focus away from death and destruction to health and wellness as part of their campaign to attract customers.

In recent weeks, at least three insurers have come out with campaigns that focus on fitness, health and protection as reasons to buy life insurance rather than the typical question of what will happen to the dependants if the customer dies without a policy.

The Life Insurance Council of India, with its member insurers, is also working on a new awareness campaign on the need for insurance, which is likely to be unveiled this month. The overall theme is to show how insurance is important in a person's lifespan, said a person familiar with the development, noting that insurance is not just about death but also saving for protection from other risks.

"Apart from early demise, living too long is now turning into a concern for many Indians as people tend to live for 15-20 years after retiring at the age of 60. In the absence of a social security net, how to sustain their pre-retirement lifestyle is a main concern for many customers," noted an executive with a life insurer.

#Raksha karan ki Reet

On Tuesday, Tata AIA Life Insurance Company announced the launch of their new brand philosophy '#Raksha karan ki Reet', which is based on the protection of near and dear ones as reflected in cultural customs.

Aditya Birla Health Insurance has just announced the launch of its latest TVC – Game of Choice – an advertising campaign that urges people to evaluate their health goals in their quest for success.

Similarly, earlier this month, IDBI Federal Life Insurance also unveiled a new physical and financial fitness campaign with cricketer Sachin Tendulkar as its brand ambassador under the name, #Keep Moving. At the launch, Tendulkar had noted that this was a "positive message" by the insurer.

"Insurance adds a lot of value to a customer's life. It gives protection. The right way to do it is that we will be your lifetime partner. We will partner with you in all aspects of your life, be it child's education, retirement, critical illness or protection," said Munish Sharda, Managing Director and CEO, Future Generali India Life Insurance.

Protection gap

Significantly, with rising incomes and growth, India's insurance market, which is seen to be largely underpenetrated, is expected to see significant growth in the coming few years. According to a report by Swiss Re, the protection gap in India is close to 93 per cent.

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Source

Term plan premiums: A ready reckoner – Mint -21st January 2019

Name of the insurer	Plan	Premium in ₹ as per age (yrs) of policyholder			Claim settled (%, FY17)
		30	35	40	
Life Insurance Corporation of India	e-Term	17,145	21,122	26,550	96%
Max Life Insurance	Online Term Plan Plus	8,378	10,384	13,334	94%
AEGON Life Insurance	iterm	7,497	9,512	12,717	94%
Canara HSBC Oriental Bank of Comm. Life Insurance	iSelect Term Plan	7,379	8,849	11,464	94%
Exide Life Insurance	Elite Term	9810	11680	14343	91%
Birla Sun Life Insurance	Protect@Ease	9,328	11,363	14,266	91%
Tata AIA Life Insurance	Life Insurance iRaksha Supreme	8,510	10,695	14,720	90%
ICICI Prudential Life Insurance	iprotect smart	9,740	11,919	15,252	89%
IDBI Federal Life Insurance	iSurance FlexiTerm	9,251	11,257	14,089	87%
Bharti AXA Life Insurance	FlexiTerm	8,260	10,384	13,570	87%
SBI Life Insurance	eShield	11,092	13,228	16,154	86%
Kotak Mahindra Life Insurance	Kotak e-term Plan	8,702	10,826	14,838	86%
Aviva Life Insurance	i Term Smart	7,886	9,662	12,409	84%
Edelweiss Tokio Life Insurance	mylife+ : term	8,496	10,042	12,826	84%
Bajaj Allianz Life Insurance	e touch	10,371	12,531	15,895	83%

Date of birth has been assumed to be April 1 in the respective year for each age group. Rates are for a male, non-smoker, Delhi-based. Claims information is for FY2016-17 for individual deaths by benefit amount value as per Irdai's Annual Report. Claims Paid/Total Claims. In ICICI Prudential and Bajaj Allianz, waiver of premium of disability is included. Premium includes GST of 18%

Source: SecureNow VIPUL SHARMA/MINT

Life insurance is not about investing your money to earn a return on it, it's about financial protection for your loved ones. The most efficient way to do that is through a term insurance policy. You pay only for insurance and after the policy term ends, you don't get any money back. But on death during the policy term, it pays a huge corpus to the nominees.

Look at the premium (cost of the plan) and the claims settlement record of the insurer.

We list premium rates for some policies of a sum assured of Rs 1 crore across three age categories for policy terms of 30, 25 and 20 years. The claims settlement rate is measured by the value of the policies as a lower settlement rate is indicative of high ticket-size policies being rejected.

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Source

GENERAL INSURANCE

General insurers seek more sops for health insurance, reduction in GST - The Hindu Business Line – 22nd January 2019

Increase in health insurance premium exemption level, boost to mass insurance schemes, and reduction in GST are the key points that general insurers would like to see in Union Budget 2019-20. "Providing health insurance for employees can also be made mandatory for employers," Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance, told *BusinessLine* on his expectations from the Budget. While referring to the likelihood of a vote-on-account Budget, Singhel said the expectations could still be met outside the Budget the way regulations on long-term motor insurance policy and compulsory personal accident cover of Rs15 lakh were introduced. The government could introduce a home insurance scheme in association with insurance companies that covers loss to property due to catastrophic events, he added. There is an expectation that PMJAY might get more funds and thrust towards broader implementation.

According to Praveen Gupta, MD and CEO, Raheja QBE General Insurance Company, tax deduction should be given not just on health insurance spend, but also on preventive care and full treatment expenditure.

"Limits, if any, should be revised in line with annual health inflation," he said.

According to industry estimates, annual health inflation is pegged in the range of 15 to 20 per cent. Even if medical inflation is growing at 14-16 per cent every year, healthcare expenses of the average household can easily exceed the medical allowance limit of Rs15,000 per annum. "Companies usually cap the medical allowances at the tax-free limit of Rs15,000. If this limit is revised upwards, companies will also be encouraged to hike the allowance," said Shreeraj Deshpande, Principal Officer and Key Managerial Personnel, Future Generali India Insurance.

TOP

Source

General insurers expect drones to boost business - Financial Chronicle – 21st January 2019

Not just large e-commerce players, even the insurance industry is excited about the possibilities of drone delivery of products after the civil aviation ministry released the draft guidelines on the drone policy last week. But the Insurance Regulatory and Development Authority of India (Irdai) is still silent on regulations for insuring doorstep delivery of products and services through drones or the use of drones for surveying damages and claims.

As the buzz about e-tailers such as Amazon and Zomato planning to deliver parcels via the sky gets louder, general insurers are waiting for the sector itself to grow beyond niche applications.

2Non-life insurers are also keen to use drones for risk management and claim processing, however, challenges like cyber attacks and privacy invasion need to be examined by the regulator.

Irdai chairman Subhash Chandra Khuntia could not be contacted immediately for his comments on the topic, however, a senior Irdai official said, "The drone ecosystem is set to expand at a fast pace in various sectors where insurers can take advantage of it."

"The sectors like mining, agriculture, oil and gas, broadcast, telecom and aerial filming sectors will be the prominent drone users. After drone regulations 2.0, the usage is expected to become more popular and business-oriented as well for insurance sector too," he added.

"As regulations do not allow drones to be operated out of sight, their adoption for commercial use will be curtailed. The government needs to examine this aspect while expanding the scope of regulations in the future," the official said.

The government's drone policy envisages drones becoming a preferred tool for several sectors such as disaster management and agriculture, among a host of others. "The growth in insurance sector will be exponential as the usage in industry, infrastructure, surveillance and agriculture, as well for recreational activities, will grow," the official said.

India's drone market, according to a report by advisory firm BIS Research, will become $885.7 million in size by 2021 even as the global market will hit the $21.47-billion mark. The new policy seeks drone operators to have a unique identification number, unmanned aircraft operator permit, no permission-no takeoff clearance, insurance, and ID plate via the newly launched online portal for drone registration– Digital Sky.

Insurers expect the new drone policy affording 8-10 per cent growth in business in the agriculture and export sectors. As per Irdai data, two specialised PSU insurers—Agricultural Insurance Company of India and Export Credit Guaranteed Corporation of India—reported a combined premium of Rs 150.09 crore for April-November 2018, down 29.7 per cent from the year-ago period.

"With upcoming drone policy in place, we expect at least 8-10 per cent more growth in these agriculture and export sectors," said the chairman and managing director of a PSU general insurance company.

Commercial use of drones in sectors such as agriculture, health, and disaster relief has been authorised, with certain restrictions, from December 1, 2018. As of now, insurers want to use drones to expedite the settlement of claims under the crop-insurance scheme Pradhan Mantri Fasal Bima Yojana (PMFBY) and survey damaged cars after road mishaps in remote areas.

A 2016 PwC report had estimated that drones used in insurance-related operations alone were a $6.8 billion market globally. According to global market intelligence, India's overall drone market will reach $885.7 million by 2021. "However, given its nascent state, it is difficult to put a finger on the size of the domestic market for insurance-related applications of drones or third-party drone insurance," it said.

In 2014, the Directorate General of Civil Aviation (DGCA) imposed a ban on the use of drones. But even while there was no regulation in place, around 500,000 drones were reportedly in use across the country for aerial data collection in sectors such as power, mining, realty, oil and gas exploration, railways, and highways.

According to the regulations just released, drones will be permitted to operate only within sight, during the day, and at a maximum altitude of 400-ft, barring certain no-fly zones such as airports, state secretariat complexes, and military installations.

Small drones—the micro category, weighing between 250g and 2kg and operating below 200 feet, and the nano category, weighing up to 250g and operating below 50ft--will not need registration.

General insurers looking to diversify beyond health and motor insurance are gung-ho about the drone era. "After the announcement of the drone regulation, we are highly optimistic about this segment and eager to offer a complete insurance solution," said a senior official in ICICI Lombard General Insurance Company.

Source

TOP

RTC cargo to offer insurance coverage - The Hindu – 19th January 2019

Happy with the good response to its cargo services, the RTC officials now plan to extend insurance coverage to the parcels and couriers sent through this wing, in the event of damage or missing case.

The public transport sector, which has embarked on the reforms route to augment its revenue, proposes to introduce many initiatives in the days to come.

It also plans to introduce door-delivery and 'pick-up' services soon. It would also open the doors of its marketing wing for active, service-oriented staff with a degree in MBA or M.Com (conductors, drivers or any other staff), said Satyanarayana, Deputy Chief Traffic Manager (CTM) at the cargo wing in the main bus station in city.

The logistics business started in 2017 has stabilised now with the number of parcels being booked everyday touching nearly 17,000. The Corporation is also working relentlessly to check instances of 'missing parcels'.

In 2017-18, the Corporation paid an insurance premium of Rs9.2 lakh to the National Insurance Company to provide cover to the parcels but claimed only Rs3.7 lakh from the company.

A review showed that end-to-end insurance cover from booking to delivery of consignments towards loss/damage was not offered in the existing insurance policy. To ensure a fool-proof system, the organisation decided to create an insurance corpus fund by charging the customers appropriately to clear genuine claims expeditiously.

Compensation

Explaining the modalities, Vice-Chairman and Managing Director N.V. SurendraBabu said customers opting for this service should submit claim with documentary proof in case of missing/damage of parcels within seven working days from the date of booking. "Compensation will be paid as per the shipment value or invoice value, whichever is lower, subject to the documentary proof. Claims of missing cases will be settled within 10 days," he said.

The Corporation has issued a set of guidelines for collection of insurance charges. No extra charges for insurance of couriers transported through the RTC logistics, booking of valuables/ornaments/original documents is not permitted under this category. For parcels covered by insurance by the customer, Rs25 will be collected for issue of CoF (Certificate of Fact) after verification of facts and intimation to the police.

In case of damage, claims would be certified by the responsible staff at the time of delivery.

An insurance fee of Rs5 will be charged for products whose shipment value is less Rs 5000, Rs10 for the ones between Rs 5,001 and Rs 10,000, Rs25 for products between Rs 10,001-25,000, Rs 50 for parcels with value of Rs 25,001-Rs 50,000 and Rs100 for products worth above Rs 50,000.

TOP

Source

HEALTH INSURANCE

Budget 2019: Need to lift GST on health insurance premiums – Financial Express – 25th January 2019

The current healthcare scenario of the nation leaves much to desire. Firstly, it is quite alarming that out-of-pocket expenditure in India is an incredulous 62%. If we compare with other nations, India's out-of-pocket is way higher and quite distressing.

While it is unfair to compare our numbers with that of developed nations where out-of-pocket expense is 10-12%, it is also nowhere near the peer BRICS nations of Russia (40%), China (30%), Brazil (25%) and even South Africa (6.5%).

Moreover, inflation rates for medical treatment in India are frightening and as the global trends show, it will keep rising. Today medical inflation stands between 12%-15%.

Low health insurance penetration

In 2016-2017, health coverage in India was at 56%. However, the government's commitment towards increasing the penetration saw significant boost through the launch of Ayushman Bharat.

More than 9,000 private hospitals and all public sector hospitals have been brought under the ambit of the scheme. An encouraging 38,000 patients enrolled in the first two weeks of the launch of the scheme. The coming of Ayushman Bharat also indicates that people not eligible for the government scheme will invariably turn to private insurers for coverage. Good news for the insurance sector.

While the government's intentions and commitment have remained visibly pronounced, these will barely suffice. In the upcoming budget, the country will look towards more prominent manifestations from the government. While a significant increase in the allocation of budget towards the healthcare sector is the need of the hour, the insurance sector will look out for more distinctive measures. In a country of 1.3 billion, incentivising health insurance purchase will be key to increasing coverage, and hence, penetration. This incentive can be given out in various ways. First, implementing the policy of no GST for health insurance premiums paid, which is currently at 18%. Second, offering higher tax benefits under Section 80D to all health insurance holders.

To further strengthen coverage of health insurance, people can be motivated to opt for longer period of insurance. Tax exemption, available each year based on number of years covered, can be an effective way of encouraging buyers. Tax benefits can be tremendously inspiring in boosting penetration of health insurance. In addition, it can also nurture a culture of preventive healthcare in the country. For the specialised health insurance companies, extending the period of carry forward of business loss and depreciation to at least 12 years will also be a welcome move.

In fact, 2019 will be the year of reckoning for the healthcare industry. The government had earlier shown strong resolve to elevate the healthcare environment. It is now to be seen how much and how far.

Source

TOP

5 reasons why travel insurance is the first thing you should pack while travelling overseas - The Economic Times – 23rd January 2019

Embarking on overseas travel whether for business or leisure requires extensive preparation to ensure that the journey would be fruitful and safe. This is why having travel insurance becomes an essential part of travelling. It not only acts as a safety net against the risk of incurring unforeseen medical expenses but also safeguards against other travel related emergencies that could spoil your trip; for example - losing a passport or checked-in baggage.

Here are some key reasons why a travel insurance is a must have for overseas travellers.

1. Saves from unforeseen medical expenses

Despite how meticulous our planning is, there are enough things that could go wrong while travelling which can make us feel specifically vulnerable while being on foreign soil. Incurring a cost of a medical emergency that we did not budget for could lead to financial stress, thus making the entire holiday experience turn nightmarish? This is where travel insurance comes to the rescue. It basically offers coverage for medical exigencies and that too on a cashless basis.

Further, since cost of healthcare overseas is usually 3 to 5 times more expensive as compared to India, a visit even for a small issue can turn out to be expensive. A comprehensive travel insurance policy will not just cover minor out-patient expenses but in case of a life-threatening situation extends coverage to pre-existing ailments as well. Added to this, there are plans that will offer services like medical evacuation or air ambulance etc. and even allow treatment to be completed in one's home-country post their return.

2. A friend in an unfamiliar territory

A travel insurance cover that offers 24X7 customer support for claims overseas could prove to be a friend who helps bridge language barriers or geographical constraints. No matter where one is; with a travel insurance policy they'd be sure of the fact that there is a dedicated team to support you in case of any medical or travel-related emergency.

It assures one of immediate assistance be it for a medical evacuation, admission to the nearest hospital or guidance on process for reissuance of misplaced travel documents. The process is hassle-free for the insured as the customer care would work with the local medical provider/authorities directly.

3. Coverage for personal liability

Sometimes an emergency might involve a damage being inflicted to a third party - person or property - wherein expenses for the same would have to be borne by the insured. To cover this, some travel insurance plans also offer a benefit called 'Personal Liability' wherein the insurance company will cover the expenses for third-party damages.

4. Travel-related emergencies

At times, we might incur non-medical emergencies such as losing a passport, laptop, international driving license, checked-in baggage or trip delays owing to bad weather which in turn could lead to a missed flight connection or unutilised hotel reservation. Travel insurance plans provides financial support to cover many such exigencies. Some companies even offer compensation for visa fee incase the same is rejected. So it's best to have a travel insurance by your side to be able to tackle such situations in a better way.

5. Mandatory requirement

Few countries have made it mandatory for visitors to have travel insurance; you don't want to arrive at the immigration counter and be informed that an absence of insurance has prohibited you from entering the foreign land. There are times visa applications get rejected due to absence of insurance has prohibited you from entering the foreign land. There are times visa applications get rejected due to absence of travel insurance documentation - so before travelling abroad, be sure to check whether or not your destination country has made travel insurance a pre-requisite for visitors.

Source

TOP

NATHEALTH seeks expansion of PM-JAY to provide health insurance to all citizens - Pharma Biz – 23rd January – 2019

To create a robust healthcare ecosystem in the country and to take Pradhan Mantri Jan Aarogya Yojna (PM-JAY) under Ayushman Bharat Mission to the next level, apex healthcare body NATHEALTH urged the government to make health insurance coverage mandatory for all citizens in a phased manner initially covering the organised sector.

NATHEALTH, in its pre-budget recommendations to the government, also suggested introduction of a Healthcare Infrastructure Upgradation Fund and sought 'National Priority' status for healthcare sector.

In view of very low penetration of health insurance in the country, out-of-pocket spending for healthcare services is very high. For an effective management of population health universal health insurance would act as a powerful catalyst.

"The major reason for the low penetration of health insurance is because it is currently optional. While the government has taken laudable steps to introduce a health insurance scheme for weaker section with PM-JAY, it is requested that the government could also explore making health insurance coverage mandatory for all citizens," said Siddhartha Bhattacharya, Secretary General, NATHEALTH.

In its pre-budget recommendations NATHEALTH said, "Starting with organised sector, employees could be given the option of either paying their ESI contribution or purchasing insurance from any IRDA regulated insurance company. Scaling up PM-JAY to all citizens including middle and upper middle class needs to be done in the next phase."

According to NATHEALTH, adequate funding in the healthcare is a major concern; hence a priority sector status would push financing and funding to the sector. Underlining the importance of priority sector status, the apex industry body said, “This will channelize funds from the banking sector to create necessary healthcare infrastructure and meet societal objectives of the government of India.”

Though healthcare was included in the harmonized master list of infrastructure sub sectors by the Reserve Bank of India in 2012, long-term financing options are still not available for healthcare providers.

“Priority sector status to healthcare will help in the process of enabling development of innovative long-term financing structures for healthcare providers apart from creating an attractive environment for domestic production of medical equipment, devices and consumables while also catalysing research and development,” added Bhattacharya.

Access to timely credit with priority status and funding by creating a specific fund for healthcare infrastructure and innovation would facilitate access to capital for the sector. These funds would encourage entrepreneurship and newer business models which are the need of the hour for improving access, availability and quality, especially in tier 2, tier 3, tier 4 cities and rural areas. The government can consider providing the seed capital for such funds.

“It is a well-established fact that a robust healthcare system drives GDP growth in the presence of adequate investments and a conducive environment, by not only acting as a productivity and employment generator, but also as a magnet to attract foreign exchange earnings and provide opportunities for innovation and entrepreneurship. Healthcare sector is faced with the challenges of establishing hospitals at high costs with real estate prices surging. Further, there are also associated issues such as the relatively high cost (capital and operational) of providing healthcare services including medical technology upgradations, which results in stretched payback periods, thus limiting the investment appetite of players in the healthcare value chain,” NATHEALTH said in its recommendations.

Other recommendations of NATHEALTH include incentives to medical value tourism, zero rating GST on healthcare services and health insurance premiums, incentivising capacity building, promotional policies for private providers, and exemption of custom duty on medical cyclotron among others.

These are long standing suggestions from the Industry and are critical to expedite investment in capacity building especially in tier 2 & 3 cities, which will go a long way in ensuring that the dream of universal healthcare is translated into reality for the citizens of the country.

TOP

Source

Ayushman Bharat: Kerala govt fixes packages – The Times of India – 23rd January 2019

The state government has fixed the treatment packages for implementing the Ayushman Bharat -Pradhan Mantri Jan Arogya Suraksha Padhathi, will come into effect from April 1 and will offer insurance cover for secondary and tertiary care up to Rs 5 lakh. This scheme is intended to provide help for 21.5 lakh families in the state.

Comprehensive Health Insurance Agency of Kerala (Chiak) has been designated as the agency for the implementation of the scheme in the state. The state health agency will invite insurance tenders with three coverage limits of Rs 50,000, Rs 1 lakh and Rs 2 lakh. “The insurance coverage above this will be paid separately in the trust mode for approved procedures to be provided in approved empanelled hospitals,"said additional chief secretary (health) Rajeev Sadanandan.

The rates have been fixed by an expert committee appointed by the health department which has been approved by the government. As per the rates fixed, the government will empanel the hospitals which will offer treatment at these rates.

As per the package, the insurance amount for caesarean is pegged at Rs 12,000, brain surgery Rs 50,000, plastic surgery Rs 50,000, total body burns Rs 80,000 and angioplasty at Rs 60,000. For non-surgical treatment for adults and pediatrics Rs 750 per day has been fixed for a patient as the insurance cover. If admitted in ICU without ventilator, then the insurance cover will be Rs 1,500 per day and Rs 2,000 per day for with ventilator.

Under the general surgery category, the insurance cover ranges from Rs 11,000 for appendicectomy to Rs 60,000 for laparoscopic procedures. The NET packages ranges from Rs 8,550 to Rs 30,000.

Now, for a cataract surgery, the insurance amount will be Rs 15,000, for high-risk delivery Rs 10,000 and for other gynecological procedures the treatment packages have been fixed between Rs 3,600 and Rs 35,000.

For poly trauma patients with multiple injuries, the treatment packages have been fixed between Rs 30,000 and Rs 75,000. For serious head injuries the maximum coverage will beRs 55,000 and for spinal injuries the coverage will be Rs 60,000.

Source

TOP

Furry love! Bengalureans now getting insurance for their pets - The Economic Times (Bangalore edition) – 22nd January 2019

The grief of losing a rescued ailing pup due to insufficient funds changed the annual financial planning of pet parent Prashanth Unnikrishnan, 28. The pup couldn't survive a condition — infectious canine hepatitis — despite the efforts of the freelance model to save her by shelling out Rs 15,000 for her three-day treatment.

"The surgery required an extra Rs 10,000. I was ready to arrange and pay but the pup passed away," he says. The incident, however, got his brain ticking about the welfare of his three other pet dogs — two Pomeranians named Charlie, 9, and Chinnu, 7, and a stray pup Husky.

"If I have a medical insurance policy for my pets like we have for humans, I would be able to give them good medical attention in times of crisis. I could not save the pup, but I realised the need to get my other pets insured," says Unnikrishnan, who has now bought three pet insurance policies. He pays a total annual premium of about Rs 1,500 for the three annual renewal policies that cover medical expenses due to accidents and high-profile vaccinations.

Unnikrishnan is one of the first pet parents in Bengaluru who have taken to the emerging trend of buying pet insurance policies, a segment in its nascent stage in India. While financial institutions have been providing insurance for livestock, policies for household pets (dogs and cats) are new.

The trend kick-started about six months ago. Insurance companies like New India Assurance and startups like Paw insure and Vetina Healthcare LLP has started issuing pet insurance policies. Five-year-old insurance broking firm Myanmol in Jayanagar introduced an online vertical called Paw insure four months ago. Covering pre- and post hospitalisation expenses and diseases like cancer and cardiology-related ailments, the policies are categorised according to the age of the pet. Cofounder and pet parent Karthikeyan S claims to have sold 19 pet insurance policies that ask for a premium of anywhere between

Rs 120 and Rs 2,000 per year. “Most pet parents are buying policies for their dogs aged 0-1 and 4-5 as maintenance cost is much higher in these two age brackets. With adoption on the rise, most policies have been bought for stray dogs,” he says.

He notes pet insurance policy is being looked at more as an emotion than a product as the realization of the responsibility and the attached monetary requirement a pet brings has dawned upon pet parents.

Nagraj Adiga of New India Assurance says awareness is catching on only now. “Only 0.5 % of Bengalureans, predominantly senior citizens, buy our pet insurance policy. It covers death due to accident and disease, and third-party liability that covers compensation and costs arising from accidental injury or damage caused by dog.”

Pawan Kumar, veterinarian, surgical emergency department at Cessna Lifeline Veterinary Hospital (Domlur), says pet parents claim reimbursement from insurance broking firms based on the hospitalisation bills. “Medical conditions of humans and dogs are the same and thus come at a similar cost. Pet insurance is a positive step as we have witnessed a 7-8% year-on-year growth in the number of people getting home a dog or a cat,” he says.

According to India Pet Food Market Forecast and Opportunities 2019 report, the Indian pet care market is pegged at $1.22 billion with an annual growth rate of 35%. The exponential rise of pet ownership in cities like Bengaluru, Delhi, Gurgaon and Mumbai has made India the fastest-growing pet care market globally. Mayank Sohar, marketing director at pet food startup Dog see Chew, says, “The mindset and transition from being a pet owner to a pet parent has changed the dynamic of the pet care industry.” Sohar adds most of his clients talk about purchasing pet insurance. “Most of these pet parents are in their 40s. They are the salaried class and are primarily techies,” he says.

TOP

Source

Kerala to announce Rs1,000 crore health insurance scheme in budget – Mint – 21st January 2019

The Kerala government will announce aRs1, 000 crore health insurance scheme in its budget on 31 January, making the state-sponsored health insurance almost universal in a state that has India's top health care indicators.

Kerala finance minister Thomas Isaac told regional news channel Manorama News on Monday that the new health insurance scheme would be a comprehensive scheme but he refused to divulge further details.

According to one official who is working on the budget, the state will pitch the new scheme as better than Ayushman Bharat (AB), the flagship health insurance project rolled out by the Bharatiya Janata Party-led central government.

"This will be a tweaking of all existing schemes on the topic, including Ayushman Bharat. We will bring it all under one umbrella. It will reduce the insurance premium and widen the base, resulting in making health insurance near-universal in Kerala at a much cheaper rate than Ayushman Bharat," the person said. Ayushman Bharat covers roughly 18 lakh families in Kerala, while the current one will cover about 43 lakh families, he added.

Under Ayushman Bharat, anyone in the country can buy health insurance of Rs5 lakh for a premium of Rs 5,000-6,000. The scheme is paid for by the Centre and states in a 60:40 ratio. The Kerala government had opposed to the scheme's implementation, claiming it would in effect reduce the number of beneficiaries of health insurance in Kerala.

TOP

Source

'Ayushman Bharat scheme has benefited over 8.9 lakh people' - The Hindu Business Line – 20th January 2019

Source

The Pradhan Mantri Jan ArogyaYojana (PMJAY), also known as Ayushman Bharat, has benefited more than 8.9 lakh people since its launch last year, NITI Aayog member VK Paul said here Sunday.

Paul, who is also the Chairman of Board of Governors, Medical Council of India, was speaking at the first convocation of the All India Institute of Medical Sciences (AIIMS), Bhopal.

Earlier, in the first week of December, Ayushman Bharat Mission CEO InduBhushan had put the figure of beneficiaries at over 4.6 lakh in the first ten weeks. "More than 8.9 lakh people have already availed benefits of PMJAY, the world's largest public health programme launched on September 23 last year," Paul said.

He also urged the AIIMS graduates to serve in the country instead of going abroad. Faculty members and other staff at an institution bearing the AIIMS brand require dedication of going beyond "9 to 5" working hours, Paul said. "Even professors should be available late night for patient care if required," he stated.

TOP

With no Aadhaar cards, 1,700 convicts denied govt insurance - The Economic Times – 19th January 2019

With Aadhaar cards made mandatory to avail the central government's insurance schemes, more than 1,700 life and term convicts in central prisons in Tamil Nadu are denied access to two central insurance schemes — Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) — in want of Aadhaar cards.

The prison and postal departments had launched a drive to bring the prisoners under the schemes that offers life insurance cover to the policy holder to the tune of Rs 2 lakh for death owing to any cause and protection against death or disability due to accident.

Since the premium was very less, Rs 330 per annum for PMSBY and Rs 12 per annum for PMJJBY, the schemes became a hit among the prisoners. Their wage earned through prison industries was enough to cover the annual premiums. "Of the 3,700 prisoners, 1,952 have availed the scheme. Though the remaining 1,748 are keen to avail the schemes to ensure that their wife or children get the money in case of any untoward incident, they cannot do so as they do not have Aadhaar cards," said a senior officer.

"The prison department held a drive across the state to get Aadhar card for the convicts," another officer said, adding, "They were asked to give their residential address to avoid duplication. But many of them did not receive the Aadhar card. Now, they are left out." He said that the agencies engaged in issuing Aadhar cards should carry out a special drive for prisoners.

The prison department would take necessary steps to bring in the agencies to cover the left out prisoners, the officer said. "Recently, the postal department conducted a camp for the prisoners. We are hoping that the convicts who do not have Aadhar ID cards will be getting it soon," he added.

TOP

Source

CROP INSURANCE

Plough's share – The Indian express – 21st January 2019

A well-conceived and pro-farmer crop insurance scheme — the Pradhan Mantri Fasal Bima Yojana (PMFBY) — is faced with the prospect of going the fertiliser subsidy way. Just as in the latter's case, the benefits from subsidy on crop premiums, too, seems to be going primarily to the industry rather than the farmers. In the 2016-17 crop years, gross premium collections of insurance companies under PMFBY amounted to Rs 22,345.51 crore, which included Rs 18,129.46 crore of subsidy from the Centre and state governments. As against this, the total claims paid out were only Rs 16,177.72 crore. In the 2017 kharif season also, the industry's premium collections of Rs 19,767.64 crore (inclusive of Rs 16,728.95 crore subsidy) exceeded the claims paid of Rs 17,209.94 crore, with a single state — Madhya Pradesh, where Assembly elections were held recently — accounting for Rs 5,428.31 crore. A report in this newspaper has, moreover, shown that 11 private insurers alone raked in profits of Rs 3,074 crore during the year ended March 31, 2018.

Now, there's nothing wrong per se in insurance firms making money. Also, 2016-17 and 2017-18 being normal monsoon years, one can expect claim payouts to have been low. But the fact that the public sector Agricultural Insurance Company of India lost almost Rs 4,450 crore — even as private insurers profited — and disproportionately high payouts went to one poll-bound state raises serious questions of transparency in implementation. PMFBY's flaw lies in the premium subsidy under the scheme being borne equally by the Centre and the states. The states are slow in not only releasing their subsidy share, but also in conducting the requisite number of crop cutting experiments (CCE) for assessing yield losses and submitting this data to the insurance companies.

The right fix to the above problem is to convert PMFBY into a fully Centre-funded scheme. Once the entire premium subsidy burden is borne by the Centre and its release is linked to the states adhering to prescribed operational schedules — from calling bids for selection of insurance companies well ahead of the sowing season and submitting yield data within a month of harvesting — two things will happen. First, with the assurance of timely payment of subsidy and also of crop-yield data from states, the insurers will have no excuse for delaying claim settlements. Second, the pressure will now be on the states. Relieved of financial burden, they can focus on ground-level implementation and generate reliable yield data based on CCEs as well as automatic weather stations and satellite-based remote sensing technology for "smart sampling" of fields. Subsidy on crop insurance is any day preferable to that on fertiliser, power or farm credit. All the more reason, then, for the Centre to pay 100 per cent of the subsidy on a scheme bearing the prime minister's name.

TOP

Source

Enrolment under PMFBY crop insurance scheme sees steep decline – Mint – 19th January 2019

Sharad Markad, a lanky teenager from a marginal farming family in Maharashtra, spent the first day of 2019 scrounging for funds. Faced with a drought, the third in the past five years, Markad had taken it upon himself to build a community cattle shed in November. Due to an acute shortage of fodder and water, farmers in his village in Ahmednagar district were struggling to tend to their livestock. Now, Markad's shed is home to 250 cattle and he is desperate for funds to keep it running. When asked if his family had crop insurance that would help cover daily expenses during a drought, Markad said he couldn't care less. "We did not enrol last season since it is of no use…our crop was damaged in the past but we did not receive any money."

Markad's loss of interest in the crop insurance scheme, which was launched with much fanfare in 2016 echoes the sentiment of farmers across India. After an initial spurt in enrolment during the kharif crop season beginning June 2016, enrolment under the flagship crop insurance scheme—named Pradhan Mantri Fasal Bima Yojana (PMFBY)—has seen a steep decline, driven by payouts which are either delayed by months or not settled altogether.

In April 2016, Prime Minister Narendra Modi launched PMFBY as a key scheme to help farmers cope with weather uncertainties. In a country where over half of the unirrigated crop area is dependent on the vagaries of the four-month-long south-west monsoon, PMFBY promised increased cover for a variety of risks at a premium of just 2% (of sum assured) for kharif and 1.5% for winter or rabi crops. It was decided that the centre and states will equally share the cost of actuarial premium payable to insurance companies.

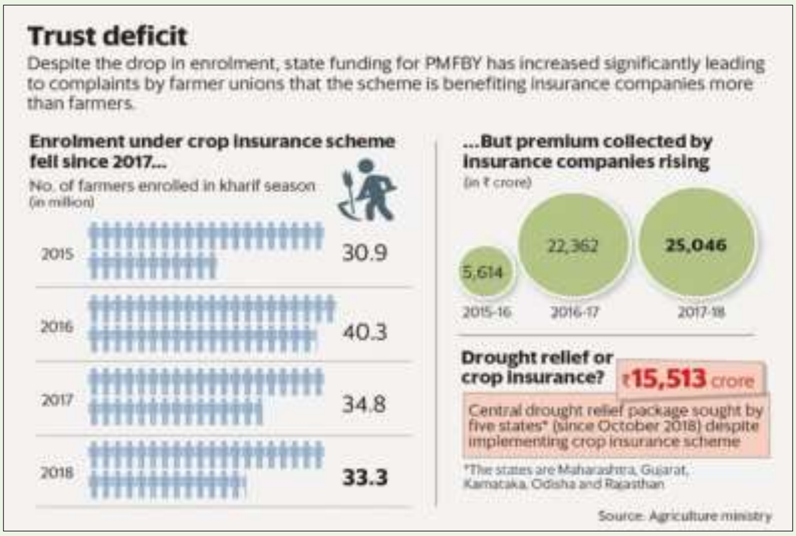
Falling enrolment

Data from the agriculture ministry shows that enrolment (during the rain-fed kharif season) rose from 30.9 million farmers in 2015 to 40.3 million in 2016, an impressive 30% jump. But delayed assessment of crop loss and settlement of claims which took six to nine months to complete led to farmers losing interest; enrolment fell to 34.8 million in 2017 and further plunged to 33.3 million in kharif 2018. Part of the decline was also because fewer farmers accessed fresh credit (due to a spate of farm loan waivers since mid-2017) since enrolment under crop insurance scheme is mandatory for farmers availing crop loans.

However, despite the drop in enrolment, state funding for PMFBY has increased significantly leading to complaints by farmer unions that the crop insurance scheme is benefiting insurance companies more than farmers. Available numbers show that premium collected by insurance companies rose from a meagre Rs 5,614 crore in 2015-16 to Rs 22,362 crore in 2016-17 and further to Rs 25,046 crore in 2017-18 (including rabi and kharif crop seasons).

Running aground

Several studies and field investigations point to a host of reasons which has led to a trust deficit among farmers. To begin with, insurance companies are selling the product piggy backing on the banking infrastructure. For farmers availing crop loans, banks deduct the premium amount from the loan without even issuing a receipt. Farmers are never asked if they want insurance, and the product has became an easy way for banks to insure their loans.



Further, in the event of any crop damage, farmers are at a loss as to whom to reach out to since most companies have not set up field offices to attend to customer complaints. A major challenge is conducting faster and accurate assessment of crop loss which is the responsibility of state governments. Assessment of crop losses is often delayed due to a paucity of local staff.

There's more. According to an assessment released by the Delhi-based think tank Indian Council for Research on International Economic Relations in February 2018, a reason why insurance companies charge high actuarial premiums is that cut-off dates for enrolment are frequently extended by states, often beyond the forecast and onset dates of the annual monsoon. “The litmus test of any crop insurance programme is quick assessment of crop damages and payment of claims into farmers’ accounts directly, and from that point of view, the first year of implementation of PMFBY (2016-17) has not been very successful," the study observed.

“Instead of imposing a standard crop insurance scheme on states, it will be wiser if the centre allows states’ the freedom to design their own schemes while contributing half of the costs," said Ajay VirJakhar, chairman of Bharat Kishak Samaj, a farm policy advocacy body. “Each state has its unique set of problems due to cropping, climate and access to irrigation. So they may choose a compensation scheme over crop insurance."

Since October 2018, at least five states—Maharashtra, Karnataka, Gujarat, Odisha and Rajasthan—have declared a drought and sought a central assistance of over to Rs 15,500 crore. This is testimony to the ground reality that the Prime Minister’s flagship crop insurance scheme has failed to provide farmers with timely and adequate cover against climate risks.

TOP

Source

MOTOR INSURANCE

Motor insurance in India – All you need to know! – The Times of India – 21st January 2019

The calendar year 2018 would be important year for the growth of motor insurance in India. Two major announcements by the Insurance Regulatory and Development Authority of India (IRDAI), on long term insurance cover and increasing the compulsory personal accident cover (CPA) will have long term benefits to both insurers as well as policyholders.

First IRDAI had announced that, insurers should provide a minimum cover of Rs 15 lakh under CPA for owner-driver vehicles at a premium of Rs 750 per annum for annual policies for both cars and two-wheelers. Insurers had an option to offer higher covers in multiples of Rs 1 lakh or Rs 5 lakh as well, but the minimum must be Rs 15 lakh. Earlier, the CPA for two-wheelers and private cars/commercial vehicles was Rs 1 lakh and Rs 2 lakh, respectively.

But later insurance regulator decided to unbundle the CPA cover and allow the issuance of a standalone CPA cover for owner-driver. CPA cover will be also available with the third-party liability policy and the comprehensive policy (third party plus own damage), as it is today. But policyholders who have bought a standalone CPA policy worth Rs 15 lakh or more will not have to buy it again when they buy a motor vehicle policy. This move can save high premiums for policyholder who has CPA cover, however with this move, more questions are raised about how insurers will implement new circular.

But biggest question is how insurance companies will verify whether policyholder is having a CPA. What steps will be taken by the insurer and regulators if they don’t have a CPA and claims arise. Whether they will reject the claims or pay the money. Also, if policyholder is having more than one vehicle and has CAP cover from Insurance A and motor insurance from Insurance B, how will the claims take place in case of accident. This is need for some clarity on this issue and we hope insurers will come out with some solution to this problem.

In the month of September insurers were asked to sell long term policy for new two-wheeler as well and four-wheeler. But, several questions regarding insured declared value (IDV), policyholders claim experience and more importantly innovation in the insurance industry are yet to be answered.

Firstly, we would talk about how innovation in non-life insurance industry would end by these new regulations. In the past we have seen insurers giving benefits to the policyholders who are driving safely in vehicle insurance. In global markets, insurers are moving towards telematics and we are also witnessing a situation where policyholders don't pay premiums if they don't drive their vehicles. But here in India, policyholders need to mandatorily buy long term policy, and this could have negative impact on invention in the Indian insurance industry and benefits will be stopped passing to the policyholders."

IRDAI in its circular had mandated insurers to provide long term insurance for new vehicle insurance. Insurance regulator had asked insurers to provide third party insurance cover of three years for four-wheeler and five years for two-wheeler vehicles.

Another most important point is regarding claims experience for the policyholders in auto insurance. In today's time when there are options to buy standalone critical illness cover for one year or even for the specific diseases, why are long term policies are being sold. Ideally, we should have policies that are short term in nature, like one month or one quarter. But these new regulations will take insurance sector few years back. Also, one needs to look at IDV also as its sum insured for four-wheeler and forms the basis of all the settlements if either car is stolen or damaged beyond repair in accident.

Having said that, policyholders should also look at add-on features, deductibles, no claim bonus and exclusions and inclusions while buying motor insurance in India. Policyholders should look at covering their engines which can save you the cost of repairs that are not caused by an accident, or it is damaged by flooding. Other important points while buying insurance would be zero depreciation cover, which will offer full settlement without factoring in the depreciation. In case if the car meets with an accident, a zero-depreciation cover ensures that policyholders don't have to pay anything from their pocket for the damage caused as against a normal car insurance that factors in depreciation and makes a considerably reduced settlement.

TOP

Source

You don't need to buy compulsory personal accident insurance cover more than once – Mint – 19th January 2019

It is mandatory to take third-party and personal accident covers as part of your motor insurance for any plying vehicle. Owing to the mandatory nature of a personal accident cover, it came bundled with motor insurance. For you, this meant bringing home the bundled personal accident cover even when you bought a second car. Buying the same cover more than once just adds to the cost, and the regulator too realised this.

Last week, the Insurance Regulatory and Development Authority of India (Irdai) announced the unbundling of compulsory personal accident cover from motor insurance from 1 January 2019. But this doesn't mean that you don't need personal accident cover. It simply means that you don't have to compulsorily buy personal accident cover every time you take motor insurance for any new car that you buy in addition to an existing vehicle. If you already have a personal accident policy and the minimum mandated cover as part of the motor insurance of your first vehicle, you don't have to buy it again when buying motor insurance for your second vehicle.

The third-party liability cover part of your motor insurance covers loss of life or damage to a third party and is to be taken mandatorily. The own damage cover covers damage to the insured vehicle and theft and is optional. The premium for third-party insurance is decided by Irdai each year, while that for own-damage cover is decided by individual insurance companies.

According to the India Motor Tariff, 2002, a compulsory personal accident cover has to be part of the motor insurance policy. This cover is applicable in both cases: if a person buys only a third-party policy or a comprehensive policy which has both third-party and own-damage covers. Your policy will list this as “PA cover for owner driver". An “owner-driver" is the owner of the insured vehicle having a valid driving licence, according to the India Motor Tariff.

In September, following an order from the Madras high court, Irdai increased personal accident cover to Rs 15 lakh for all categories of vehicles, for which a premium of Rs 750 (plus taxes) is payable. This personal accident cover provides compensation in case of death or permanent disabilities due to an accident involving the insured vehicle.

At present, Irdai has fixed Rs 750 as the premium for the Rs 15 lakh personal accident cover that is bundled with motor insurance policies. However, for the unbundled and standalone cover that will be available from 1 January, insurers will be allowed to price the standalone personal accident cover based on risk. This means that the premium of the standalone cover might be higher than Rs 750 that has been fixed by Irdai for the same product in a bundled form.

Irdai has also said that a policyholder can continue to opt for the compulsory personal accident cover as part of the insurance policy. Also, having this cover is mandatory by law. So if you do not have a personal accident cover of your own at present or own only one vehicle, then going for the bundled compulsory accident cover would be beneficial.

The new rule would be helpful for those having more than one vehicle or those having their own personal accident insurance with a sum assured of Rs 15 lakh or above, with a cover against death and total or partial permanent disability.

TOP

Source

SURVEY & REPORT

India: Robust economic growth to drive insurance sector – Asia Insurance Review

India's strong economy and evolving regulatory regime continue to support growth for its insurance and reinsurance sectors, says Moody's Investors Service in a new report.

The report, "*Insurance—India: Continued regulatory evolution is credit positive for India's insurance sector*", says that robust GDP expansion, coupled with current low insurance penetration, should support double digit growth for the non-life sector over the next 3-4 years.

During the fiscal year ended 31 March 2018, total gross premiums for the non-life and life insurance sectors grew by 11.5% to INR6.1trn ($94bn), bringing the five-year compound annual growth rate (CAGR) to 11%.

"The Insurance Regulatory and Development Authority of India (IRDAI) are proactively introducing regulations that will support insurers' balance sheets and improve their access to capital, a credit positive," said Mr. Mohammed Londe, a Moody's assistant vice president and analyst.

Liberalisation of the reinsurance sector—with the admission of foreign reinsurers since 2017 and IRDAI's steps to ensure that they can compete with incumbents—will specifically benefit the non-life sector.

Regulatory reforms will also improve the sector's capital strength, says Moody's. In 2015, IRDAI raised the ceiling on foreign ownership of Indian insurers to 49% from 26%, encouraging global players to buy holdings in local entities.

Finally, the government's launch of a new programme in 2018 to provide health insurance to 100m families is credit positive as it will help grow health premiums and provide insurers with cross-selling opportunities. However, most Indian states have chosen to run the scheme as a trust model, which will limit the full growth potential for insurers.

TOP

Source

OPINION

Is an insurtech revolution coming our way? – Mint – 22ndJanuary 2019

Digital technologies are rapidly changing every aspect of human life, including how we live, work and engage. Insurtech is having a similar impact on the insurance industry the world over. When supported by a conducive ecosystem, insurtech holds great promise to enhance customer experience, reduce claims response time, provide data-driven insights and support both customers and insurers to make informed decisions.

Although it's still early days in India, insurtech has already disrupted the traditional value chain to improve "digital distribution" and "customer experience". For example, a breed of technology-fuelled start-ups offer on-demand bite-sized insurance, mobile-powered micro insurance platforms and remote claims management capabilities; insurers have also introduced chat bots for improved customer service and drones to ascertain claims in agriculture insurance.

Going beyond protection

The growth of the insurance industry in India has primarily been led by government-sponsored mass schemes and mandatory products such as motor insurance. These products are traditionally positioned around "protection" and insurers have mainly leveraged pricing to capture market share. Evolving from a protection-oriented approach to a "protection + prevention + assistance" (PPA) solution should be the future key focus area for insurers.

Consider this: insurance only provides cover for hospitalisation i.e. fulfils the protection aspect. When covers for "prevention" and "assistance" are incorporated, the individual could be utilizing insurer-provided wearable devices that identify impending health risks (prevention) and simultaneously offer immediate assistance. This includes providing a list of recommended medical facilities nearby or even sending an alert to a preauthorized medical practitioner in case of a medical emergency. Therefore, to realise the full potential of insurtech in India, every constituent of the insurance ecosystem needs to digitally interact, integrate and act in a "phygital" mode.

Challenges and opportunities

Adapting to the pace of change: The Indian insurance ecosystem is largely struggling to adapt to technology-driven pace of change due to reasons such as traditional mindset, legacy practices and inadequate skills. This sluggishness could lead to a scenario where faster technology-adopting incumbents swallow the slower ones. Incumbents need to regularly assess market dynamics, customer feedback and opportunities to collaborate and connect with the larger insurtech ecosystem.

Prioritise: With recent growth in the Indian insurance industry primarily driven by government-sponsored schemes, insurtech interventions should be prioritised. For example, insurtech can potentially augment crop claims and farmer insurance bonding by connecting farmers to the larger agri-ecosystem, including lenders, machinery suppliers, and weather and crop price data insights. Technology-enabled rural healthcare and fraud control are other areas where insurtech can enable significant gains in federal health schemes.

People and skills: The insurance industry has historically struggled to attract quality talent and now faces an incremental asks of attracting digital natives. Insurers will need to focus reskilling/upskilling their existing talent or acquire requisite talent through talent market places/gig workers. For example, in Singapore, a Tripartite Advisory on Human Capital Practices for Insurance was recently launched by industry associations along with the ministry of manpower. This advisory sets out HR best practices for the industry in areas of building a talent pipeline, skills-based hiring and managing retrenchment responsibly.

Big data and sharing: Big data can only drive a competitive advantage or help in new products development if the incumbents have technological capabilities to decode the large volume of data. Yet another challenge is the unwillingness of all the insurers to share data. A group of private life insurers are exploring block chain to securely share customer data, which could potentially eliminate the need for customers to provide the same information at each point of sale. However, without having all the insurers on board, this initiative is unlikely to yield optimal results.

Commercial vs. personal segments: Insurtech developments have primarily been in the personal lines of insurance and large complex commercial risks are yet to be addressed. Understandably, it is difficult for insurers to develop every aspect of insurtech on their own. It would be prudent to consider partnering with start-ups which are in the same or complementary spaces.

Regulatory oversight: The regulator's recent steps in forming working groups to explore insurtech applications and adopting a sandbox approach are steps in the right direction. While data privacy and cyber laws are being assessed, aspects like digital partnerships to enable a larger ecosystem connect, outsourcing backend processes and online talent marketplaces need a closer look.

Conclusion

The insurance industry is at an inflection point undergoing massive transformation. With the abundance of capital flow in insurance, it is the biggest opportunity in recent times to change the mundane narrative of insurance from just protection to PPA, and to perform the role of a true risk avoidance partner of the customer. Simply put, it's a golden opportunity for the insurance industry to insure its own future.

(Rohit Jain is head of India, Willis Towers Watson)

TOP

Source

Auto Insurance: 8 smart tips to save money while renewing car insurance – Financial Express – 21st January 2019

We Indians love to save and do not mind going the extra mile even if it means saving just a few bucks. But somehow, when it comes to auto insurance, we believe that we already have the best and continue with what we have. Here are a few useful tips to save money while renewing your own damage or comprehensive auto insurance policy:

1. Compare and Renew Online: Have you bought anything without comparing other options available in the market? Obviously not! Then why not do the same while renewing your comprehensive auto insurance policy? With internet becoming a part of our day to day life, we can get information about almost anything instantly.

Today all insurers have an online presence. Thanks to technology, we can now compare various plans offered by top insurers. You can then select the plan that best suits your vehicle's requirements completely. Weigh the premium against the benefits offered and renew instantly online.

Online renewal offers cheaper premium rates against the renewals done through agents. The insurers save a considerable amount on online renewals in the form of commissions payable to the agents and administrative expenses. This saving gets passed on to you in the form of lower premiums. Thus, a few minutes of your valuable time spent on an online broker's portal can help you save on your renewal costs.

2. Check the IDV: The Insured Declared Value (IDV) is the maximum amount that is paid by the insurer to you in case of a Total Loss or Theft of the Vehicle. In other words, it is the sum assured of the vehicle insured. It is arrived at by taking into consideration the market value of the vehicle and applying the depreciation factor to it. The IDV offered to you will vary from one insurer to another.

It is also important to remember that a higher IDV means higher premiums and vice versa. This makes it extremely vital that you select the correct IDV. The correct IDV will help you avoid paying higher renewal premiums and at the same time, protect you from financial loss in case of theft of the vehicle or a complete total loss.

3. Use No-Claim Bonus: Your good driving skills resulting in a claim-free year makes you eligible for a No Claim Bonus from the insurer. This no-claim bonus accumulates year-on-year, until it reaches the ceiling limit of 50%. You can utilize this accumulated no-claim bonus to reduce the premium by up to 50% of the payable amount. The best way to accumulate the no claim bonus is to avoid making small claims. Pay for small expenses like scratches, dents and bumps from your own pocket. This accumulated no-claim bonus will provide a far higher benefit than what you would have spent on small repairs.

You should also remember that this discount is offered to you and not your vehicle. So, in case you decide to change your vehicle, you can get the previous accumulated no claim bonus transferred to your new vehicle. Even when you decide to change your insurer, you should get your accumulated no claim bonus transferred from the old insurer to the new insurer.

4. Opt for Voluntary Deductibles: Every insurer provides you with an option of pitching in towards the claim payable and sharing a part of it from your own pocket. In other words, if you agree to pay a particular percentage of every claim, then in return, the insurer will reduce the premium payable by you. By agreeing to deductibles from the slabs like Rs 2,500, Rs 5,000, Rs 7,500 and Rs 15,000, you can get a discount on premium ranging from 20% to 35% or even more. This arrangement is beneficial to people who live in an area which has less vehicular population, leading to comparatively fewer accidents. People who have a vehicle which is older than five years or who use their vehicle sparingly must definitely go for this arrangement and earn discounts on the premiums payable.

5. Review and Assess Add-on Covers: Before renewing your comprehensive insurance plan, take a look at the additional covers that you have attached with your base comprehensive plan. There could have been a reason due to which you could have attached add-ons like NCB Protector, Engine Protector, Accessories Cover, Return to Invoice, Consumables Cover, Road Side Assistance, Zero Depreciation, Key replacement and so on. But now, you might not need many or a few of these add-ons. Review your requirements thoroughly and only keep those additional covers which provide value for money or enhance your coverage level. Drop the add-ons which are not useful to you anymore. Removing unnecessary add-ons also helps you in bringing down the renewal premium, thereby resulting in savings.

6. Install Anti-theft Devices: Installation of anti-theft devices increases the security level of your vehicle. Insurers see this as a positive sign from your end towards the safety of your vehicle and reward you for it by providing a discount on the premium payable. Installation of anti-theft devices certified by the Automotive Research Association of India (ARAI) brings down the vehicle renewal premium by 2.5% or a maximum of Rs 500.

7. Take up Membership of Automobile Association: Being a member of a recognised and accredited association like Automobile Association of Upper India, Western India Automobile Association, Automobile Association of Eastern India, Automobile Association of Southern India also makes you eligible for a discount on your renewal premium. On providing membership details to the insurer, you can get a 5% discount or a maximum of Rs 200 discount on your comprehensive motor insurance premium.

8. Timely Renewal: Finishing the renewal task beforehand also plays an active part in bringing down your renewal premium. Your comprehensive auto insurance policy can be renewed 45 days before the actual expiry date. When you renew the policy before time, you are locking the premium rates for yourself for the entire year before any price rise can influence them. Also, the renewed policies coverage will begin only after the expiration of the existing policy. This way, there is no gap in your insurance coverage and all benefits remain intact.

The government has time and again enforced the need of having a valid insurance policy. On implementation of the above tips, you can save a good amount on your overall renewal premium. A win-win situation of staying insured and saving at the same time, along with the convenience of renewing it online from the comforts of your home, is surely the preferred choice of the millennials.

(By Devendra Rane, Founder & Chief Technology Officer, Coverfox.com)

Source

TOP

INSURANCE CASES

Insurance firm told to pay 12,000 for not issuing policy - The Economic Times – 23rd January 2019

The district consumer disputes redressal forum has directed Star Health and Allied Insurance Company to pay up to Rs 12,000 for not issuing insurance policy to a Mohali resident, despite taking premium amount from her.

Complainant Anshu Bansal, a Mohali resident, had purchased an accident care individual insurance policy of Rs 25 lakh by paying an insurance premium of Rs 4, 200 through cheque on October 15, 2016.

However, despite clearance of the cheque amounting to Rs 4,200 into the account of the company, the said accident care individual policy bond was never issued by the company to the complainant. Formal complaints were made to the head office of the company through e-mail as well as through a registered post on December 7, 2017.

Eventually, vide e-mail dated December 31, 2016, the insurance company expressed its inability to issue the said policy to the complainant jointly with her son on the ground that the complainant was not an earning member, ignoring the fact that the complainant is an income tax assesse and is self-employed and running her own business of a beauty salon.

The company, while admitting the basic facts of the case, pleaded that they had rightly not handed over the policy bond to Anshu Bansal for the simple reason that she was not working and failed to provide any proof of her running a beauty salon.

The forum held the insurance company of carrying on unfair trade practice and asked the firm to refund Rs 4,200, Rs 7,000 as compensation for deficiency in service and for causing mental agony and harassment and to pay Rs 5,000 as cost of litigation.

TOP

Source

Delhi International Airport complaint: ICICI Lombard General Insurance told to pay over Rs2 lakh – The Hindu – 19th January 2019

Following a complaint by the Delhi International Airport, a district consumer disputes redressal forum here has directed ICICI Lombard General Insurance to pay a sum amounting to over Rs2 lakh for wrongly repudiating a claim.

Stating that the repudiation of claim was “unjustified”, the consumer panel said, “At the time of incidence the alleged policy in question was in existence...all the conditions mentioned in personal liability clause was duly completed by the complainant. Hence, in our view the repudiation is unjustified.”

The directions followed a complaint moved by the Delhi International Airport which alleged that, despite having an “Overseas Corporate Travel Insurance Policy”, the insurance company had rejected the claim when an official with the former met with an accident while on official duty abroad.

“The policy taken by the complainant (Delhi Airport) covers visiting executives of the complainant company to meet unexpected medical expenses, loss of passport or baggage expenses and certain personal liability, if arising during abroad visits,” the panel observed while noting the complaint.

Further it was contended that under the “personal liability” clause included “an incident which result in death or injury or damage to the health of third party or damage to his or her properties.”
It was argued by the complainant that as the official met with the accident while driving a rented car in Athens, he had to pay the damages to the rent car company.

However, the insurance company contended that the claim was repudiated as the “loss was caused solely due to the negligence and carelessness of the complainant.” The consumer panel, while dismissing the contentions put forth by the insurance company, said that it was “liable to reimburse the complainant company.”

“In our view the case of the complainant squarely covered under the clause personal liability and the repudiation of the claim under the exclusion clause...was unjustified,” the panel said. The insurance company has been directed to pay a sum of Rs. 1.94 lakh as reimbursement of the claim and Rs. 20,000 as litigation cost.

TOP

Source

PENSION

Finance ministry mulls hiking minimum pension under EPS - The Economic Times – 24th January 2019

The government is mulling doubling the minimum pension under the Employees’ Pension Scheme to Rs 2,000 per month, a move that will benefit over 4 million workers. Those part of the Employees’ Provident Fund Organisation (EPFO) automatically become subscribers to the pension scheme.

A high-level labour committee put forth a proposal to raise the pension, which is being "actively" considered by the finance ministry, two of the committee members told ET.

The government spends about Rs 9,000 crore per annum on pensions under the Employee Pension Scheme. This figure will go up to Rs 12,000 crore if the proposal is accepted. "It is very clear that with the existing kitty, it will not be possible to bear the additional burden on account of higher pension," said one of the persons quoted above. "Hence, the ball is in the court of the finance ministry to decide if the government is willing to bear the cost."

The committee, constituted last year under the additional secretary of labour, was asked to evaluate and review the Employees' Pension Scheme, a senior government official said.

The other committee member quoted above said the finance ministry may impose a rider prohibiting beneficiaries from withdrawing the pension part of their provident fund kitty till the age of retirement if they wish to avail the higher pension. The condition that the subscriber cannot withdraw the amount prematurely will, "over a period of time, give us enough funds to sustain the scheme on our own," this person said.

There are around 6 million pensioners, of which about 4 million are getting less than Rs 1,500 per month. Of these, 1.8 million are the existing beneficiaries under the minimum pension of Rs 1,000. The government has about Rs 3 lakh crore of pension funds.

The government has been under pressure from trade unions and the All India EPS 95 Pensioners Sangharsh Samiti to raise the minimum monthly pension to anything between Rs 3,000 and Rs 7,500. Even a parliamentary panel had recently asked the government to assess Employees' Pension Scheme and consider revision of the minimum monthly pension, arguing that the existing social security benefit is too meagre to fulfil even the basic needs.

Employees are automatically enrolled into the EPS scheme only if they are members of the EPF scheme. Of an employee's salary, 12% goes to their EPF account every month, while 12% of the employer's contribution is split into EPF (3.67%) and EPS (8.33%). EDLI (0.5%) and other administrative charges are also borne by the employer. This contribution is subject to a maximum of Rs 1,250 a month.

TOP

Source

"NPS is good, but some other product might suit you better" - The Economic Times – 23rd January 2019

The Union Cabinet has approved the proposal to allow NPS subscribers to withdraw 60 per cent of the accumulated corpus tax-free at the time of retirement.

Everyone is curious about NPS these days. Kamal Murarka, Head of Operations at Tax2Win, was inundated with queries about NPS at ET Wealth Investment Workshop held on January 18 in Jaipur. Murarka was speaking about Efficient Tax Planning at the workshop when the participants asked him about whether it makes sense to invest in NPS to save extra taxes. Some participants were also curious about how private sector employees can claim tax benefit by investing in NPS.

"Any Indian citizen between 18 and 60 years can join NPS. Private employee can deposit the contribution directly or she can route the contribution through the employer she is working with. Both the contributions are eligible for tax deduction," Murarka told the participants.

Many participants were enthusiastic about claiming the extra tax deduction of Rs 50,000 by investing in NPS. However, before proceeding they wanted to be sure whether NPS is the best tax saving option for them. Murarka told the participants that they one should consult a qualified planner and have a detailed discussion to find out the best tax-saving option for them.

"The NPS is a good product but some other tax saving instrument might suit better for your financial needs," Murarka said.

The recent proposed change in taxation of NPS has helped rekindle interest in NPS, a government-backed pension scheme. The Union Cabinet has approved the proposal to allow NPS subscribers to withdraw 60 per cent of the accumulated corpus tax-free at the time of retirement. They must use 40 per cent of the corpus to buy an annuity from a PFRDA-approved annuity provider. Currently, NPS subscribers could withdraw only 40 per cent of the corpus tax-free at the time of retirement.

Many elderly participants, mostly senior citizens living on interest income, were worried about the taxation of their modest income. One of them wanted to know whether it makes sense to opt for Senior Citizen Saving Scheme to save taxes. "Post office senior citizen savings account (SCSS) can be opened by an individual of 60 years or above. It is a good scheme for senior citizens," Murarka told the participant.

Long term capital gains tax continues to confuse many investors. Many participants at the workshop wanted to know how their long term capital gains from equity would be taxed. "Your long term capital gains exceeding Rs 1 lakh per year would be taxed at flat rate of 10 per cent," Murarka said. He used the opportunity to explain to the participants that despite the re-introduction of LTCG tax equity is still a very viable option for investment.

The finance minister re-introduced LTCG tax on equity in his last budget. Earlier, investments in equity held over a year used to qualify for long term capital gains. There were no taxes on such gains. Short term capital gains on equity investments held for less than a year are taxed at 15 per cent.

TOP

Source

Finance ministry looking at suggestions to raise upper age limit for APY: Rajiv Kumar - The Economic Times – 23rd January 2019

The finance ministry is looking at some of the suggestions of PFRDA including increasing upper age limit for availing Atal Pension Yojana (APY) to 50 years, Financial Services Secretary Rajiv Kumar said Wednesday.

To make APY more attractive, the Pension Fund Regulatory and Development Authority (PFRDA) has sought the ministry's nod to double the guaranteed minimum pension under the scheme to Rs 10,000 per month and increase the upper age limit to avail the scheme to 50 from existing 40.

"The PFRDA is also thinking of buckets of investments in which higher returns can be generated. All these are good suggestions. I can assure you that we will carefully and diligently look at all the suggestions," he said here.

Kumar also exhorted banks to find innovative tools to push APY. Citing some examples, he said, banks can tap Mudra beneficiaries, Self Help Group members or Aganwadi workers. There are five crore Mudra loan beneficiaries and the target would be met even if 20 per cent of them within the age group of 18-40 years are covered under this, he said.

APY is guaranteed pension scheme announced by the government on May 9, 2015. The scheme is focused on the unorganised sector workers which constitute more than 85 per cent of the workforce.

During the occasion, PFRDA gave awards to top performers in achieving APY target. Central Bank of India, Indian Bank, Dena Bank, SBI, Oriental Bank of Commerce, IDBI Bank and ESAF Small Finance Bank were among others awarded.

TOP

Source

IRDAI CIRCULAR

Gross direct premium underwritten for and upto the month of December, 2018 is available on IRDAI website.

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Source

Terms and conditions of life products for F.Y. 2018-19is available on IRDAI website.

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Updated list of life insurers is available on IRDAI website.

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Source

Report of the working group on settlement of personal accident and benefit based health insurance claims in installments is available on IRDAI website.

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Source

The circular regarding submission of quarterly statements on Mis-selling complaints to all the CEOs/CMDs of life insurance companies is available on IRDAI website.

TOP

Source

GLOBAL NEWS

India Rendezvous: There is no disruption in reinsurance -- only evolution - Asia Insurance Review

GIC Re chairman-cum-managing director Alice Vaidyan does not see any disruption ahead for the reinsurance industry.

Mrs. Vaidyan, in her special welcome address at the inaugural ceremony yesterday of the 12th India Rendezvous, said, "Overall, one could say there is no disruption, only consistent evolution in the industry but, nevertheless, it does not mean that the challenges thrown up are any less formidable."

"The reinsurance industry saw major disruption following the 9/11 events in 2001 where governmental solutions had to bridge the void created by the withdrawal of commercial insurance in regard to terrorism coverage." Mrs. Vaidyan said, "Alternative capital experimented with the reinsurance sector through CAT bonds, sidecars and industry loss warranties — but those experiments apparently have met with only partial success."

General insurance in India is at an inflection point

New India Assurance chairman-cum-managing director Atul Sahai said, "General insurance in India has come a long way, yet India remains one of the most under-penetrated insurance markets."

He said, "Going ahead with the 'push' being provided by government insurance schemes such as the Prime Minister's crop insurance scheme (Pradhan Mantri Fasal Bima Yojana or PMFBY) and Ayushman Bharat (National Health Protection Mission), there is tremendous growth possible, especially with an industry-friendly regulator."

Reinsurance disrupted or enabled?

Another speaker, SCOR Global P&C Reinsurance CEO Jean-Paul Conoscente said, "Three major global drivers are generating significant changes with strong implications for the (re)insurance sector."

"Demography and climate, economy and industry, and macro-economy and finance are the three major drivers of change and the areas they are impacting are sustainable development and energy transition; hubs, networks and connectivity and the intangible economy," he said. "The common theme in all these is resilience … for insurers, reinsurers and brokers."

Role of government in enabling risk transfer

The first technical presentation of the day, by Swiss Re India branch CEO G Raju, focused on the role of government in public/private partnerships in enabling risk transfer.

Mr. Raju said, "We need to step up engagement with governments and public institutions to highlight the utility of risk transfer in mitigating the financial impact of natural catastrophes on government budgets, and to build public/private partnerships to strengthen fiscal resilience." He said, "Creditworthiness also improves with risk transfer as ratings agencies have now started evaluating exposures to natural disasters and impact on financing and refinancing costs."

Crop insurance in India has challenges

ACE Insurance Brokers director Anil Arora highlighted the critical role of the PMFBY in the Indian economy. Putting aside media reports of profiteering by insurance companies from the scheme, he explained that insurers take on risk to protect farmers from the vagaries of nature and the impact of crop losses.

Essay competition winners feted

Mrs. Vaidyan also gave away awards to the winners of the 'Energising insurance in India' essay competition. The first prize winner was Mr. Nirjhar Majumdar of LIC and the runner-up was Mr. Arun Agarwal, independent director of Kotak Mahindra General Insurance. The three-day India Rendezvous, attended by over 700 delegates, ends today.

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Asia: Continued protection gap in the region is a cause of concern – Asia Insurance review

While the 2018 season registered notable insured Nat CAT losses in Asia, neither frequency nor severity is a surprise as they were within modelling and scientific expectations, according to Willis Re regional director and head of analytics (Asia Pacific) Ms. Hui Yen Tai.

Ms Tai said, "What also draws attention is the continued protection gap and humanitarian crises arising from catastrophe events across many parts of the region, such as the Kerala floods with insured loss at only approximately 10% of the estimated $3bn economic loss."

"This is a critical area where the role and value of the re/insurance industry can and should feature more prominently, through proactive collaboration with governments and non-profit organizations that are increasingly active in addressing this concern."

Multiple smaller catastrophes deliver average insured-loss year in 2018
Globally, insured losses from major natural catastrophes in 2018 totalled roughly $71.5bn, only slightly more than the annual average since 2011, but the third highest total during the eight-year period, says Willis Re.

The "*Summary of Natural Catastrophe Events 2018 — Insured losses and economic impact due to natural disasters*" report published by Willis Re says that the average was driven upwards by peak annual losses of $120bn in 2011 and $143bn in 2017.

In contrast to these previous peak years, where one or two natural disasters contributed a large percentage of the total insured loss, no such major event or events accounted for a large proportion of the 2018 losses. Instead, the total arose from a series of smaller and medium-sized loss events.

Camp Fire was the single largest insured loss in 2018
The largest single insured loss in 2018 globally was the Camp Fire, which will cost re/insurers between $6.0bn and $10.75bn, pushing the likely combined losses from the Carr, Mendocino, Camp, and Woolsey wildfires to about $15-17bn.

The insured loss range for Hurricane Michael is $6-10bn. Typhoon Jebi in Japan delivered an estimate of $8.5bn of insured losses. The largest European loss was winter storm Friederike, with insured losses of about $2bn. No single major insured loss from natural disasters occurred in Latin America or the Caribbean.

Large number of mid-sized natural catastrophes in 2018
Willis Re managing director and head of international catastrophe analytics Karl Jones said, "2018 was an unusual year. The industry experienced a large number of mid-sized natural catastrophes. Three events—the Camp Fire, Typhoon Jebi, and Hurricane Michael—have all reached at least the high single digit billions in insured losses, but only the Camp Fire seems likely to exceed the level of $10bn.

"However, a large number of smaller, billion-dollar losses, principally storms, have added up to make 2018 a costly catastrophe year. With the exception of the major California wildfires, these losses are well within modelled expectations."

In contrast to Willis Re's estimate of total insured Nat CAT losses of $71.5bn in 2018, Aon has estimated that insurance programmes covered $90bn of such losses.

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New Zealand: 50% of Insurtech are created to improve customer experience – Asia Insurance Review

Half of NZ Insurtech have been formed with the intention to improve customer experience and engagement, says InsurTech NZ which is part of New Zealand Financial Innovation and Technology Association (FinTechNZ).

This detail is to be included in the *InsurTech Landscape* report, a collaboration between EY and Insurtech NZ, that is to be published in February 2019.

Other key findings to be highlighted in the report include:
57% of NZ Insurtech plan to grow internationally within 12 months.

More than half (63%) of NZ Insurtech, or 16 new Insurtech, were founded last year. There is opportunity for increased collaboration between incumbents and Insurtech. This has not yet been fully realised.

Future trends involve leveraging digital technologies such as AI and block chain.There is a very strong focus on platform solutions and the role technology enabler companies have to play.

Insurtech NZ grew out of the Insurance Working Group that was created by Fintech NZ in response to interest from the insurance industry. Of the 150+ Fintech NZ members and 1,000 contacts, a recent survey revealed that 30-40% had an active interest in insurance.

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China: Floods in northern parts cause US$5.7bn economic losses in 2018 – Asia Insurance Review

Floods in Northern China between July and November last year rated among significant Nat CAT events in the Asia Pacific last year. The Northern China floods caused economic loss of over $5.7bn, says Aon, a leading global professional services firm providing a broad range of risk, retirement and health solutions.

China also fell victim last year to the destructive cyclone, Typhoon Mangkhut, which also struck Guam, Northern Mariana Islands, Philippines and Hong Kong. Mangkhut caused $6bn in economic losses and $1.3bn in insured losses, says Aon in its "*Weather, Climate & Catastrophe Insight: 2018 Annual Report*" released yesterday.

Asia Pacific: Higher economic loss events are expected to increase

In the Asia Pacific, both economic and insured losses from natural disasters and weather-only events (excluding earthquakes, volcanoes and tsunami) have increased since 2000. With rapid population and exposure growth in some of the world's most vulnerable areas, higher economic loss events are expected to increase in the coming years.

The Aon report says that last year, Asia Pacific had a largely expected year in terms of the occurrence of natural catastrophes with 144 separate events causing at least 10 deaths and/or $50m economic loss and/or $25m insured loss–5% more than the average number of disasters since 2000.

The APAC region suffered economic losses of over $89bn in 2018 due to natural disasters. This was slightly higher than the 21st century average ($87bn) and over 50% higher than the median loss since 2000-2017 ($57.5bn).

The overall insured loss ($20.6bn) for APAC was nearly 91% higher than the average insured loss for 2000-2017 ($10.8bn) and nearly 300% higher than the median loss ($5.2bn). The elevated insurance losses were predominantly driven by several high-loss events in Japan where the insurance penetration is significantly higher than much of the rest of the region. In the 21st century, the insured losses incurred in the present year were second to only to that of 2011 ($80bn).

The main drivers of economic loss in 2018 were tropical cyclones followed by flooding and drought. Losses due to tropical cyclones far exceeded the long-term average. Losses due to droughts, and winter weather were also higher than the 2000-2017 average. Economic losses from earthquakes, severe weather, and wildfire were lower than the long-term average.

Top 3 costliest events in 2018

Despite the Nat CAT damages seen in China, the top three most expensive events of 2018 in Asia Pacific, in terms of economic as well insured loss, all occurred in Japan. At the beginning of September, Typhoon Jebi prompted a $13bn economic loss and $8.5bn in insurance payouts. Typhoon Trami made landfall in Japan at the end of September causing an estimated economic loss of $4.5bn with insurance payouts reaching $2.6bn at the time of the report. In July, the remnants of Typhoon Prapiroon intensified the Mei-

Yu rains causing widespread flooding in Japan. Economic loss due to the event reached $10bn with $2.65bn of that covered by insurance.

Most deadly events
The deadliest events of 2018 all occurred in Indonesia. In September, an M7.5 earthquake that occurred in Indonesia in September which a tsunami and resulted in 2,256 deaths and an economic loss of $1.45bn. In August, the Lombok Earthquake killed 560 people in the country. On 22 December, eruptions from the Anak Krakatoa Volcano triggered underwater landslides and a tsunami that killed at least 437 people.

Other high death toll events elsewhere included monsoon floods across India between June and September which caused 1,424 deaths and the Japan floods in July which killed 246 people.

Global losses
Globally, 394 natural catastrophe events in 2018 generated economic losses of $225bn. Of that total, private sector and government-sponsored insurance programmes covered $90bn – the fourth-highest year on record. This means the protection gap, which is the portion of economic losses not covered by insurance, was 60% and at its lowest level since 2005.

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Philippines: Regulator allows insurers up to 1 Jan 2023 to comply with IFRS 17 – Asia Insurance Review

The Insurance Commission (IC) has postponed by another year to 2023 the implementation of new financial reporting standards for life and non-life insurers to give them more time to comply.

Insurance Commissioner Dennis B. Funa said in a statement that the regulator has deferred the implementation date of International Financial Reporting Standard (IFRS 17) regarding insurance contracts for local insurers to 1 January 2023, reported *Business World*. The International Accounting Standards Board (IASB), which issues the IFRSs, has proposed an implementation date of 1 January 2022.

Mr. Funa said the implementation of IFRS 17 has been affected by challenges such as a tight timeline, lack of clarity, and tight budgets of insurers, among others.

He said that insurers which wish to voluntarily comply with the IFRS 17 before the deferred effective date can do so. In fact, based on papers submitted to the IC, there are insurance companies set to implement IFRS 17 due to requirements of their parent companies, he said.

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Philippines: Insurers want more business channels with higher minimum capital – Asia Insurance Review

Local general insurers are confident about being able to meet the PHP900m ($17m) minimum net worth requirement by the end of this year, and are asking to be allowed more avenues in which to conduct business with the higher capital.

Philippine Insurers and Reinsurers Association (PIRA) executive director Michael Rellosa said he sees most non-life companies in the country complying with the capital requirement this year, reported *Business Mirror*.

His comment followed remarks by Insurance Commissioner Dennis Funa that he was particularly concerned about the number of insurance companies which are still far from reaching the net worth of at least PHP900m. He said that among 54 non-life insurers, about 20 are still a little far from the minimum requirement.

Mr. Rellosa said that, while he cannot speak for all nonlife insurance players, he is aware that some non-life insurers are looking to merge with other companies to be able to meet the capital requirement. He added that for any increased requirements of insurers, new avenues to do business must also be presented, to achieve balance.

The funds that will be sourced by insurers in line with increasing the net worth will remain idle if they are not invested, he said. In particular, most insurance companies are waiting for the government's infrastructure programme to spur activity so that they can invest in new assets, and write more policies.

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China: Listed insurers post premium growth of 11% for 2018 – Asia Insurance Review

Chinese insurance firms listed on the A-share market reported double-digit growth in combined premium income last year.

The five listed insurers posted a combined premium income of CNY2.19trn ($323bn) in 2018, reported the Xinhua News Agency. Compared with 2017, income rose by 10.8%, outpacing the 3.9% increase for the whole sector.

The insurers are: Ping An Insurance (Group) Company of China, China Life Insurance, The People's Insurance Company (Group) of China, China Pacific Insurance (Group) and New China Life Insurance.

The rise in premium income came amid tightened regulations last year aimed at defusing financial risks.

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Indonesia: Insurers await policy guarantee legislation – Asia Insurance Review

The insurance industry is awaiting legislation that would provide policyholders protection against the failure of insurance companies. A Policy Guarantee Bill is currently being drafted.

Public confidence in the insurance industry has been eroded, one reason being the case of life insurer AsuransiJiwasraya which has failed to repay policyholders investment related policy benefits. The insurer is facing a liquidity problem and has postponed the payment of matured policies that were marketed through various banks. AsuransiJiwasraya has tried to resolve overdue policy benefit payments by offering advance payments of interest to policyholders who roll over their policies on maturity, reported *Bisnis*. This offer has been made since 2016 but a number of customers were disappointed because after rolling over that year, they still have not managed to withdraw the matured policy funds.

The proposed Policy Guarantee Act will become the basis for the establishment of a Policy Guarantee Agency to protect and guarantee the funds of policyholders managed by insurance companies, reported *Kontan*.

Ms. Rista Qatrini Manurung, director of Law, Compliance and Risk of AIA Financial, said that the policyholder protection law is an urgent matter, to dispel policyholders' doubts about investment money with insurers.

"The concept of this rule is good, to provide protection to policyholders. It includes prevention and supervision in the event of incidents that affect the business continuity of insurance companies," Ms Rista said.

The Indonesian General Insurance Association (AAUI) has said that when the Agency is formed, it hopes that the terms and conditions and the guarantee premiums to be paid by insurers will not be a burden on insurance companies. This expectation has been conveyed to the Financial Services Authority (OJK), as input from the industry on the policy guarantee fund.

However, details have yet to be decided. There is a question about whether the proposed Policy Guarantee Agency will be under the auspices of the OJK or join the Deposit Insurance Corporation (LPS) which currently operates in the banking industry

To date, the Policy Guarantee Bill has not been included in the 2019 national priority legislation programme. The draft Bill is still being reviewed by the Ministry of Finance's Fiscal Policy Agency (BKF) and discussions are held between the Ministry, the OJK and insurance associations.

The proposed Policy Guarantee Act is mandated by the 2014 Insurance Law which states that insurance companies and shariah insurers must be participants of the policy guarantee programme. The enactment of the policyholder protection legislation is overdue as the Insurance Act stipulates that the implementation of the policy guarantee law should take place no later than three years after the insurance law is promulgated, that is, by October 2017.

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