Insurance Institute of India

C – 46, G Block, Bandra-Kurla Complex, Mumbai – 400051

INSUNEWS

- Weekly e-Newsletter

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● Quote for the Week ●

“The path to greatness requires simplicity and diligence. It requires each of us to focus on what is vital and eliminate all extractions.”

Jim Collins

INSIDE THE ISSUE

Insurance Industry

Kerala floods: How to file life, motor and home insurance claims - The Economic Times – 24th August 2018

Now that the flood waters have receded, the real work begins for the people of Kerala. People are slowly going back to their homes and assessing the damage to their property, vehicles and belongings after the Kerala floods. As the days pass on, the extent of the damage is expected to rise.

The insurance regulator has asked insurers to streamline the claims process to mitigate the hardships of the affected insured population of the state. However, to get insurance claims settled, it is imperative that you inform the insurer as soon as possible.

Inform the insurer

The most important thing to be aware of in the claims filing process is to immediately intimate the insurer in writing or on their toll free number. Avoid any kind of delay due to lack of original papers and so on.

Reach out to the insurance company directly or through your agent and file the application or give it in writing with an acknowledgement copy. One may even call the insurer on their helpline number and register the claim and get the registration number. "If your insurance papers go missing, then the first thing to do is call the toll-free number of the insurance company or aggregator and inform them about the loss suffered. The claim should ideally be made within 7 days but in such scenarios, the insurers extend the deadlines", says Tarun Mathur, Chief Business Officer, Policybazaar.com.

The Insurance Regulatory and Development Authority of India (IRDAI) has already asked insurers for quick registration and disposal of claims for any one affected by these floods. The claim related documentation process is more or less similar for most insurance companies. Figure out what all documents you have and which ones have gone missing or are lost. Here is how motor, life and home insurance claims may be filed with the insurance companies.

Life insurance claim

The actual requirement and the formalities may differ across insurers.

"We have relaxed our claim process for victims of Kerala Floods. We would be settling claims within 48 hours with minimum documents. Apart from simplified claim processing, we have extended grace period also from 30 days to 90 days. We are also training our call centre and branches to provide guidance to the families who want to claim and pay premiums. If death certificate is not available, we shall accept certificate from hospital, police and armed forces," said Mr. Vikas Seth, MD & CEO, Bharti AXA Life Insurance.

Under the Indian Evidence Act, in case of a missing person, the claim can be settled only after a waiting period of 7 years from the date of filing the FIR. However, in case of natural disasters like floods, this is waived off. The otherwise mandatory condition of submission of the death certificate is not taken into account. According to PTI, here's what LIC has said - "LIC will accept a certificate from any authorised government official or a proof that the claimant has received ex-gratia from government as alternate proof of death. In deserving cases, a certificate issued by the agent concerned will also suffice, subject to certain conditions or a confirmed development officer can also certify the death."

Accordingly, LIC has also done away claim investigation, irrespective of the duration of the policy. Further, in ongoing policies, it has also waived off the late fee on premium due for 30 days from the date of declaration of calamity.

Puneet Nanda, Deputy Managing Director, ICICI Prudential Life Insurance says, "To facilitate settlement of claims we have relaxed the process and will settle claims on the basis of just three basic documents. These include written intimation from the claimant to us, death certificate issued by Municipal Authorities or in the absence of this, the list of deceased issued by the armed forces, hospitals or police and an photo identity of the claimant."

Similarly, DHFL Pramerica Life Insurance Company has set up a special helpdesk to service the beneficiaries of the policyholders affected by the floods in Kerala. For the quick settlement of the claims, the company has simplified the claim documentation requirements and appointed nodal officers to oversee the claim settlement process. "The process of claim documentation has also been simplified in order to expedite the claim settlement process", said Anoop Pabby, Managing Director and CEO, DHFL Pramerica Life Insurance.

The company has issued a list of the documents required to process the claim:

- Municipal Death Certificate or Death Certified by any competent Government authority like Local Government of Kerala / Armed Forces / Government Hospitals / Police Authority
- Completely filled Death Claim Form
- Claimant ID, residence proof & bank account details to ensure claims are paid to correct beneficiary

V Viswanand, Senior Director and COO from Max Life Insurance informs, "Max Life Insurance has set up a Special Claims Helpdesk for those customers affected by the devastating flood in Kerala. We've set up dedicated toll free numbers as well as email IDs through which a claim can be registered. This information is uploaded on our website as well as shared on our social platforms."

Claim Intimation requirements of Max Life Insurance are as follows:

- We will accept any evidence from Government / Designated District officials of the State Government or Hospital Authorities /Municipal Record showing death due to Flood.
- Claim Intimation Form/Claimant Statement (with Bank passbook copy or cancelled cheque of nominee/Beneficiary)
- Photo ID Proof of Nominee/Beneficiary

Edelweiss Tokio Life insurance has informed that ," We relaxed our claim settlement process and will require only minimum documentation from the claimant to resolve their request. The claimant needs to provide a filled claim form along with KYC details, bank account details (to credit the claim amount) and a death certificate issued by a municipal body or a report by police or armed forces. If the claimant is unable to furnish a filled claim form, a simple letter of request will suffice too. Edelweiss Tokio Life will settle claims in 24 hours from receipt of all required documents." In case of claims coming under the Pradhan Mantri Jeevan Jyoti Bima Yojana, the insurance companies are working with the banks for expeditiously settling the claims.

Motor insurance claim

First of all, do not start the engine of your car, especially if it is already standing in a waterlogged condition.

The comprehensive car insurance policy, covering both own damage and third-party liability, may not be sufficient in case of flooding, unless one is careful. The damage to the engine is covered under the basic car insurance policy, however, if the driver tries to start the engine (of the vehicle in a waterlogged condition) and damages it, the car insurance policies don't cover it. This is because the basic car insurance policy does not cover any consequential loss.

"We have instructed our nodal officers and branches in Kochi, Trivandrum, Thissur, Kotayam and Calicut to fast-track claim settlement processes in the flood-hit Kerala. We are well prepared to ensure smooth and expeditious claim settlements. We have introduced documentation waivers in support of motor claims. Survey has been waived for minor losses, if insured able to share the photos through digital media. Based on that remote survey will be done and claim shall be processed. No insistence on Registration Certificate, if it has been lost in flood and the claim shall be processed based on the soft copy available in the online portal. For claims upto 1 lakhs, we will be waiving monetary claim letter, damage certificate and letter of subrogation," said Mr Sanjeev Srinivasan, MD & CEO, Bharti AXA General Insurance.

"Provide your insurer with the basic details like name, phone number to the insurer and they will give you the policy details. The basic details like vehicle number, registration number, mobile no. etc. can be shared with the insurer to further fetch the policy details", informs Mathur. Once the claim is registered with the insurer, wait for further instructions from the insurer as the vehicle may be towed to the nearest garage which may take some time.

Home insurance

Unlike in case of thefts, when property is damaged due to floods, filing an FIR is not necessary. The home insurance policy covers the losses to the structure of the house and the contents due to any specified natural and man-made calamities including flood and inundation. Register the claim with name of the policyholder, PAN, date of birth etc and furnish to the Company the extent of damage, detailed particulars of the amount of the loss or damage together with such explanations and evidence to substantiate the claim as the insurer may require. "In case of home insurance, retrieve the policy details from the insurer. The company then sends the assessor to assess the damage and accordingly the value will be derived", says Mathur.

Regulatory directive

Last week IRDAI had issued guidelines for settlement of insurance claims by Kerala flood victims. Insurers have been asked to initiate immediate steps for quick registration and disposal of claims.

IRDAI has asked insurers that if there are any death claims and death certificate is difficult to obtain on account of non-recovery of body etc, the process followed in the case of Jammu and Kashmir floods (Notification of Ministry of Home Affairs, GoI,No. 1/12/2014-VS(CRS) dated 12.09.2014) which was also followed when the Tamil Nadu floods occurred, may be considered.

Source

Further, IRDAI is keeping a close watch on the claim settlements and asks insurers to share the progress report on the claims settled for the state of Kerala at the email ids - ronanki.venkatesh@irda.gov.in and life@irda.gov.in

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What insurers and banks are doing for Kerala flood victims – Mint – 24th August 2018

The insurance regulator has asked insurance companies to settle claims of flood victims in Kerala and parts of Karnataka quickly and with minimal paper work. "There is an urgent need for us to take immediate steps to mitigate the hardships of the affected insured population by ensuring immediate registration and settlement of eligible claims," the Insurance Regulatory and Development Authority of India (Irdai) stated in a circular.

In Kerala alone, 361 deaths have been reported and about 20,774 houses have been damaged, according to the National Disaster Management Agency, as on 20 August. According to reports, Kerala chief minister Pinarayi Vijayan has pegged the value of losses at ₹19,200 crore. However, insurers are yet to compute the quantum of insured losses. "As the floods subside and people take stock of their lives, that's when they approach the insurance companies for claims. So this is an ongoing process and it will be difficult to pin a number immediately," said Sasikumar Adidamu, chief technical officer, Bajaj Allianz General Insurance. Some lenders and insurers have come forward to provide some relief to those affected by the floods.

Insurers make it easy

Insurers are reaching out to customers through different modes of communication and offering multiple options to file claims. These options include dedicated helpline numbers, special online claim registration links, and mobile apps in addition to on-ground personnel. Calls received from flood-affected regions are attended on priority. "We are deploying sizable manpower, such as surveyors and risk engineers from within and outside Kerala to administer the claims faster," said Adidamu.

The claims process has been simplified. Generally, many documents are needed—death certificate, original policy documents, ID proof of the beneficiary, age proof, discharge form, medical certificate, police FIR (in case of an unnatural death), and cremation certificate. But insurers are waiving off these requirements. A spokesperson from Bajaj Allianz Life Insurance said the insurer is asking for only a few documents—KYC of nominee or the legal heir along with bank details to enable transfer of money, a photograph of the deceased or the missing person, and if the death certificate is unavailable, then a certified list issued by either government hospitals, police or any government authorities or even the armed forces involved in rescue operations.

On the non-life side as well, insurers are taking steps to expedite the claims process for vehicles, health and houses. Max Bupa Health Insurance Co. Ltd has said it will process pre-authorised cashless claims within 30 minutes. “We are ensuring that all claims from Kerala are given immediate attention and all eligible claims are processed on a cashless basis and on priority,” said Ashish Mehrotra, managing director and chief executive officer, Max Bupa Health Insurance.

Claim process for motor and home insurance has also been eased. Policyholders can register their claims online or through company helpline numbers. Once the claim is registered, surveyors will contact and visit for assessment within 48-72 hours. On receiving the survey report and claim documents, the payment will be released.

Banks step forward

Some banks and financial service providers too have taken steps to ease matters for flood victims. For instance, ICICI Bank, State Bank of India (SBI) and HDFC Bank have decided to waive off penalties on late payment of EMIs for all retail loans for customers in Kerala for the month of August. Further, penalty on late payment of credit card dues will not be levied. ICICI Bank added that it will not levy any cheque bouncing charges for this month. SBI will put on hold charges on non-maintenance of minimum balance if proceeds from the government relief fund and other agencies are used up completely. The bank is also lending money through ‘Xpress’ credit to its existing customers, with relaxed norms. The facility can be used up to a month.

Indiabulls Housing Finance Ltd has waived off penalty fees for delay in payment of August and September home loan EMIs for customers impacted by the floods. It has waived processing fee for customers who want to take home improvement loans in case their homes have been affected. It has also put on hold any increase to its home loan lending rates for two months.

“Disruption of economic activities and loss of assets necessitates some relief in loan repayment. In the initial period, relief measures should primarily involve restructuring of loans,” said Navin Chandani, chief business development officer, BankBazaar.com. Long-term loans may get a longer moratorium of up to two years. Banks may also offer consumption loan of up to ₹10,000 to existing borrowers without any collateral, added Chandani.

Protecting oneself from natural calamities is difficult, being ready for the aftermath is easier. As government bodies and victims assess the extent of the loss, steps being taken by various financial agencies will help avoid some immediate difficulties.

Source

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Bank deposits: Government against raising insurance cover to Rs 15 lakh – The Indian Express – 23rd August 2018

Even as less than a third of the bank deposits in value terms are covered by insurance, the government has turned down suggestions of raising the insurance cap on deposits from Rs 1 lakh to Rs 15 lakh.

The coverage under the Deposit Insurance and Credit Guarantee Corporation (DICGC) was last revised in 1993 from Rs 30,000 to Rs 1 lakh per depositor per bank. Deposit insurance by DICGC covers all commercial banks, local area banks, regional rural banks and co-operative banks and branches of foreign banks in India. In case of a bank failure, the Corporation pays maximum of Rs 1 lakh as the insured amount per depositor per bank. Primary cooperative societies, non banking financial companies and mutual funds are not insured by the DICGC.

There have been frequent demands for raising this cover as it is seen as too small a comfort to the depositors in case of bank failures. Andhra Pradesh has recently suggested the Central government that the existing deposit insurance cover of Rs1 lakh should be raised to Rs 15 lakh. However, the Centre, in consultation with the DICGC, has rejected this suggestion. “At present, there is no such proposal to revise the deposit insurance cover,” Shiv Pratap Shukla, Minister of State in the finance ministry, said in response to a query in Lok Sabha earlier this month.

“The proposal has been examined in consultation with the Deposit Insurance and Credit Guarantee Corporation. DICGC has informed that as per the Core Principle 8 of Effective Deposit Insurance prescribed by the International Association for Deposit Insurance (IADI), coverage should be limited, credible and cover the vast majority of depositors but leave a substantial amount of deposits exposed to market discipline,” Shukla said.

“As on March 31, 2018, 92 per cent of the deposit accounts in number and 29 per cent of the deposit in value are covered by DICGC. This is higher than the guidance of IADI which recommends coverage of 80 per cent in number of accounts and 20-30 per cent in value terms. Increase in the insurance cover also requires a higher premium based on risk classification of the insured bank,” he said. DICGC is a wholly owned subsidiary of the Reserve Bank of India.

SOME OF THE LARGE CLAIMS SETTLED BY DICGC IN RECENT YEARS

State	Name of the Bank	Date of Payment	Amount Sanctioned*
Maharashtra	Vitthal Nagari Sahakari Bank Ltd	Sept 4, 2017	397.56
West Bengal	Kasundia Co-operative Bank Ltd., Howrah	Oct 3, 2017	1,956.89
Maharashtra	Shri Swami Samarth UCBL	Aug 8, 2017	218.88
Odisha	Chatrapur Co-operative Bank Ltd.	Oct 27, 2017	103.85
Maharashtra	Shri Shivaji Sahakari Bank Ld Gadhinglaj	Feb 12, 2016	727.11
West Bengal	Baranagar Co-operative Bank Ltd. (Kolkata)	May 20, 2016	1,499.85
Maharashtra	The Merchants Co- operative Bank Ltd., Dhule	Dec 26, 2016	444.23
Maharashtra	The Konkan Prant Sahakari Bank Limited	Feb 12, 2015	3,017.59
Gujarat	The Gujarat Industrial Co-operative Bank Ltd.	April 30, 2014	26,486.44
Maharashtra	Swami Samarth Sahakari Bank Ltd	Jan 2, 2014	864.23
Maharashtra	Shree Siddhi Vinayak Co-operative Bank Ltd.	Oct 28, 2014	1,620.37
Maharashtra	Agrasen Urban Co-Op. Bank Ltd.**	Dec 27, 2013	529.67

*in ₹ Lakh; ** (merged with The Mahanagar Co-op. Bank Ltd.) Source: DICGC

The cost of deposit insurance in India is borne entirely by the insured banks, which pay premium of Rs 10 paise per annum per Rs 100 of deposits. Depositors do not pay any premium for the cover. Any increase in the cover is seen as affecting disproportionately the larger and the stronger banks, which will have to bear higher premium and cross-subsidise smaller and weaker banks facing relatively higher prospects of failing.

While the last deposit insurance claim settled with respect to a commercial bank was in 2002, the DICGC has been compensating depositors each year for failure of cooperative banks. So an increase in the deposit insurance cap is seen as more beneficial to the cooperative banks that have been failing each year than commercial banks, which pay the bulk of the premium for the cover. To overcome these challenges, a committee chaired by Jasbir Singh in 2015, in its report submitted to the Reserve Bank of India, suggested introduction of risk-based premium for banks.

Source

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IRDAI Regulation

Insurers told to appoint nodal officers in flood hit areas – The Times of India – 22nd August 2018

Insurance regulator IRDAI has instructed insurance companies to submit information relating to claims in Karnataka on a daily basis. Insurers have also been asked to appoint nodal officers in the state for expediting the settlement of all eligible claims. The contact details of the officers should be given to IRDAI for wider publicity, said the regulator.

Maximum claims are expected from the national insurance scheme Pradhan Mantri Jeevan Jyoti Bima Yojana, which is available by default for all holders of RuPay cards and Jan Dhan accounts. The regulator has also said, "If there are any death claims and death certificate is difficult to obtain on account of non-recovery of body etc, then the process followed during the Jammu & Kashmir floods in 2015 may be considered for Kerala and Karnataka."

The regulator instructed insurers to publish details of offices and special camps and ensure speedy surveying and disbursal of claims.

ICICI Lombard chief of underwriting and claims Sanjay Datta said, "A hotline facility has been created at our centralised call centre (1800 2666) to prioritise customer calls from Kerala. Customers who connect on this hotline will be attended by customer service executives who are sensitised in handling queries given the crisis situation in Kerala. For our motor customers, we are also directly coordinating with motor vehicle manufacturers to ensure quick and smooth claims processing. For property claims, we have mobilised survey firms to assess the damage as soon as the water level starts receding. Further, we are having teams for spot settlement of claims."

Bajaj Allianz Life Insurance said it is expediting claims for death and disability in Kerala and Karnataka. "We are trying to settle claims within 72 hours of claim registration," said the company. The life insurer also said that in lieu of the death certificate issued by the Registrar of Births & Deaths, it will accept the casualty lists put out by the government or police.

Ashish Mehrotra, MD & CEO, Max Bupa Health Insurance, said, "In keeping with Max Bupa's 30 minutes cashless claims promise, we will ensure that all claims from Kerala are given immediate attention and all the eligible claims are processed on a cashless basis and on priority. Further, Max Bupa has appointed nodal care officers in the flood affected region to expedite the claims process and to assist people in distress, help them to connect to doctors, etc."

Bajaj Allianz General Insurance said that their toll free number is 1800 209 7072 with priority setting for customers from Kerala. "We are reaching out to all our customers through SMS informing them about various options for filing claims and have shared dedicated links for registering their claims," said the insurer's head of operations and customer service KV Dipu.

Source

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Settle claims quickly in flood-hit areas of Karnataka: Insurance regulator Irda to insurers - Financial Express – 20th August 2018

Insurance regulator Irda today asked insurers for immediate registration and settlement of eligible claims in the flood affected districts of Karnataka, including Kodagu. The Insurance Regulatory and Development Authority of India (Irda) had last week asked insurers to set up special camps and make immediate payments against insurance claims in flood-ravaged Kerala. "As you are aware, the recent floods have caused immense loss to life and property in certain districts of Karnataka State, including Kodagu. "There is an urgent need for us to take immediate steps to mitigate the hardships of the affected insured population of the State by ensuring immediate registration and settlement of eligible claims," it said in a circular to non-life insurance companies.

The companies have also been asked to nominate one senior officer to act as nodal officer who would be coordinating/expediting the settlement of all eligible claims in Karnataka. The regulator further said that "in order to gauge the magnitude of the loss, all non-life insurers (Including Standalone Health Insurers) are advised to submit information relating to insurance claims in Karnataka on a daily basis". Life insurance companies have been asked to initiate immediate action to ensure that all reported claims are registered and eligible claims are settled expeditiously. "It has come to our notice that some of the districts of Karnataka including Kodagu have suffered severe flooding and loss of lives and property.

"Therefore, it has been decided by the Competent Authority to extend the applicability of (circular with regard to Kerala) to the flood affected districts of state of Karnataka too as declared by the state government" Irdai's circular to life insurance companies. Life insurers have been asked to file separate progress report for Karnataka on weekly basis. While some parts of Karnataka are facing drought like situation, some others are reeling under flood.

Source

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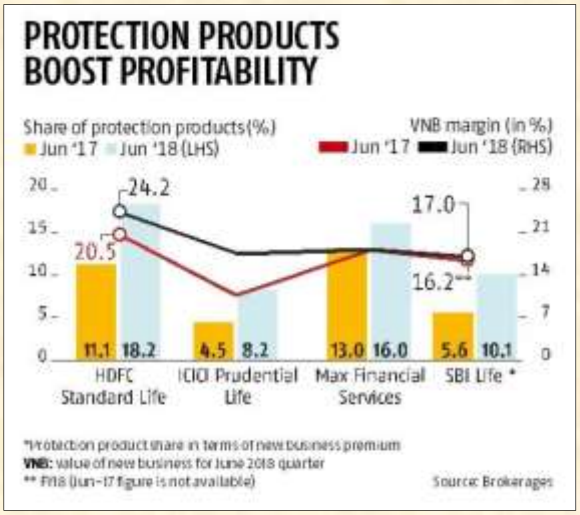
Life Insurance

Life insurance players clocking strong growth in protection policies - Business Standard – 18th August 2018

The June quarter (Q1) results of HDFC Life, ICICI Prudential Life Insurance Company, Max Financial Services and SBI Life indicate these four major listed life insurance players are focusing on protection products, which provides impetus to their profitability. From a stock perspective, too, analysts see gains for most of these companies.

Life insurers' profitability is measured in terms of value of new business (VNB) margin, which is VNB as a percentage of the present value of future premium. Protection products are seen as more profitable. The value of new business margin at HDFC Life and ICICI Life expanded 370 bps and 680 bps, respectively, over a year. While the metric for Max inched up 10 bps, the gains were restricted on account of high cost overrun due to sales seasonality and investment in the proprietary channel. Though the June 2017 quarter margin figure is not available for SBI Life, its margin in Q1 of FY19 rose 80 bps, as compared to FY18.

Except SBI Life, the other three, on a year-on-year basis, reported 300-710 bps expansion in the share of high-margin protection products, in terms of annualised premium equivalent or APE (see graph). APE is the measure of ascertaining business sales in the life insurance industry. SBI Life's protection share, in terms of APE, is not truly comparable due to change in product structure. But, in terms of new business premium (NBP), its share of protection products moved up 454 bps over a year to 10.1 per cent.



The firms are likely to sustain focus on growing the proportion of protection products in overall sales. “We’ll continue to strive for pushing the protection business in each of our channels in an aggressive way,” HDFC Life’s management said after the June quarter results. The management believes growth opportunity in the protection space is very large.

“Lower penetration of protection products and highest margin would create upward thrust for such products,” says an analyst with a domestic brokerage. Protection products should grow 30-33 per cent annually, the analyst said. Such a trend would help improve margins, despite expectations of slower increase in APE.

Though migration of household savings to financial assets augur well for insurance firms, APE growth of many private ones, as observed in Q1, might grow at a slower pace, thanks to high base of last year. Yet, this is perceived as healthy as after demonetisation, people had invested in insurance products in the past financial year.

“The sector will continue to grow, albeit at a slower pace, mainly due to the high base. Though growth of Ulips (unit-lined insurance products), which depend upon the markets’ movement and that of savings products could get tepid, share of protection products would continue to rise, improving earnings potential of the sector,” says Avinash Singh, analyst at SBICAP Securities.

Further, profitability would get support if persistency ratio in the 61st-month bucket improves. This ratio is the percentage of policies renewed after a specific period (bucket), such as after one year or three years, etc, thus reflecting customer stickiness. The persistency ratio for most of these companies improved in Q1, barring this cohort. Thus, how the 61-month persistency plays out would be interesting to watch, as it is quite challenging, say an analysts.

In this backdrop, analysts expect 31-43 per cent upside in these stocks, except for HDFC Life, due to an already high valuation (4.3 times the FY20 expected embedded value versus 1.7-2.5 times for peers), over the next year, and believe it offers good opportunity for long-term investors.

Source

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Private insurance majors seem to be slowing - Financial Chronicle – 18th August 2018

Private life insurance companies have been gradually improving individual annual premium equivalent (APE) growth, reporting 13 per cent YoY growth in July from 9 per cent in June, 4 per cent in May and 2 per cent decline in April this year. The larger players seem to be slowing with single-digit growth for HDFC, ICICI and SBI Life. The companies that stood out are Max (increasing focus on Ulips), Tata Life and Birla Sun Life.

Birla Sun Life has delivered 74 per cent growth in individual APE in July, translating into 49 per cent growth year-to-date. Similarly, Tata AIA reported 41 per cent year-to-date growth in individual APE. In its earnings call last week, Aditya Birla Capital highlighted that Birla Sun Life Insurance is making strong inroads in HDFC Bank and has already deployed about 1,500 employees across 3,000 branches in the bank. It may drive higher APE growth for Birla Sun Life Insurance over the next few months while HDFC Life continues to focus on high-margin protection and annuity products.

Private sector individual APE is gradually improving from YoY decline in April to 13 per cent growth in July. The year-to-date growth of 7 per cent is much lower than 24 per cent in FY18. With gradual pickup at ICICI Prudential Life, the gap in overall growth between the top two players (ICICI Prudential Life and SBI Life) is gradually reducing. In July, ex-ICICI/SBI growth was 800bps higher than overall industry growth rates at 21 per cent against 2,300bps difference in April.

Average policy ticket size in individual non-single business improved YoY and MoM for all large players. SBI Life Insurance reported 6 per cent YoY growth in individual APE in June (8 per cent in May). Growing at about 30 per cent for several quarters, slowdown in SBI is a bit of a concern. ICICI Prudential Life reported 4 per cent growth against 5.31 per cent decline in individual APE in the preceding three months. A high post-demonetisation base at the beginning of the year was the key reason and YoY growth rate is now gradually picking up.

HDFC Life reported 3 per cent growth in individual APE in June (4 per cent in June 2017) on a high base (55 per cent in July 2017). A high base till December will put pressure on growth in FY19E. Max Life reported 42 per cent growth in individual APE in June (20 per cent in June 2017) due to its shifting focus to Ulips. Its ticket size was up 9 per cent YoY and flat QoQ.

LIC remained focus on single premium with 75 per cent share in total premium in July. The share of single premium for private players decreased to 45 per cent from 49 per cent in June – almost all players reported a decline. The market share of private players in group business decreased to 14 per cent from 21 per cent in June. Bajaj Allianz, Birla SL, HDFC Life and SBI Life largely led the swing.

Source

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Non-Life Insurance

Only 2.5% Kerala farmers insured - The Pioneer – 22nd August 2018

Early relief far cry as none in State got claims under PM Fasal Bima Yojana in 2017-18

In the flood fury that has severely impacted a large section of over 19 lakh farmers in Kerala, only 46,136 have insured their crops under the Pradhan Mantri Fasal Bima Yojna (PMFBY) in 2017-18. The number of Kerala farmers who insured their crops is fewer than those in other States, which reflects that farmers are still unaware of the details of the PMFBY.

Interestingly, the number of insured farmers declined from 77,000 in 2016-17 to 46,136 in 2017-18. Even these insured farmers cannot hope for an early relief. The Agriculture Ministry data shows the insurance companies are yet to settle claims for kharif and rabi crops under the PMFBY in the State. Not a single farmer got his claims under the PMFBY in 2017-18. Similarly, in 2016-17, as many as 77,000 farmers insured their crops and only 23,300 received their claims.

Due to flood and rain in all districts in Kerala, around 42,632 hectares of agricultural land have reportedly been destroyed and the initial estimates put the loss at around Rs 1,000 crore. Meanwhile, the Union Finance Ministry has directed insurance companies to simplify and settle insurance claims under the PMFBY to flood victims in Kerala.

During rabi season in 2016-17, of the total 45,874 farmers who insured the crops, only 2,200 were found eligible for insurance claims. During kharif season, 21,000 farmers received the insurance claims against 31,500. According to sources, insurance companies, in many cases did not investigate losses due to a localised calamity and, therefore, did not pay claims.

The Kerala Government has fixed cutoff date as August 15, 2018, for kharif crops.

Sources said the crop cutting experiment (CCE) data, which forms a key element of the PMFBY, is the main reason for delay of insurance claims. CCE data at the harvest time helps assessing yield loss, and it requires substantial manpower. At present, State Governments are responsible for conducting experiments.

Officials said that according to insurers, CCEs were not properly conducted. While in some cases, the experiments were not conducted on the date intimated to the insurers, in others data presented by the State Government did not match ground realities.

The Agriculture Ministry data, in 2017-18 insurance companies collected over Rs 24,450 crore as premium even after the delay by States in forking out their subsidy contribution. The Agriculture Ministry claimed insurance companies settled Rs 11,899-crore claims under the PMFBY for kharif in 2017. “The claims of Rs 16,448 crore have been estimated and Rs 13,768 crore has been approved. Out of which, Rs 11,899 crore has been settled by the insurance companies,” Minister of State for Agriculture Parshottam Rupala said in a written reply to the Rajya Sabha.

In 2016-17, gross premium collections — both charged to farmers as well as subsidy received from the Centre and States — amounted to Rs 22,180 crore. As against this, total claims of Rs 15,352 crore were paid to the farmers.

The data shows over 1.20 crore farmers have benefited from the crop insurance scheme during the kharif season last year and the rabi season in 2016-17 as compared to 1.62 crore in 2013-14. Insurance Regulatory and Development Authority of India has said the insurance companies should follow a procedure similar to the one used to settle claims after the Chennai floods in 2015.

Source

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Gross premium collection of non-life insurers grows 20pc in July - The Economic Times – 22nd August 2018

Non-life insurance firms registered a 20 per cent growth in their gross direct premium at Rs 11,714.87 crore in July 2018, according to the data by Insurance Regulatory and Development Authority of India (Irdai). The 33 non-life insurance companies had underwritten a gross premium of Rs 9,790.07 crore in the same month last year.

Of these, 25 general insurers witnessed a rise of 23 per cent in premium collection at Rs 10,782.37 crore during the month as against Rs 8,800.85 crore in the same period year ago, according to Irdai. Premium collection of six stand-alone private health insurers soared by 41 per cent to Rs 776.80 crore in July 2018 from Rs 551.82 crore in July 2017.

The rest of the two specialised PSU insurers had a combined gross premium of Rs 155.70 crore during the month, down 64.4 per cent from Rs 437.40 crore year ago. The gross premium collection of all the 33 non-life insurers rose by 14 per cent to Rs 49,067.47 crore in April-June 2018-19 compared to Rs 43,076.26 crore in the same period of 2017-18, according to the Irdai data.

Source

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Less than 5% of flood losses are insured - Financial Chronicle – 21st August 2018

The gap between economic loss caused due to the floods in Kerala and the insured loss would be huge, finds the industry. Apart from motor, non-life insurers do not expect any significant number of claims in other segments. The state government has estimated a loss of Rs 20,000 crore due to crop damage and destruction of property. However, the non-life insurance industry expects that not even five per cent of this will be insured loss.

“In any natural calamity, the insured loss will not be 10 per cent of it. Even in a metro city like Chennai, this was five to seven per cent. In Kerala, most of the assessed damage pertains to roads and bridges and these are not insured,” said R Chandrasekaran, secretary general, General Insurance Council.

The major component of the insured loss would come from private cars and other vehicles. “Most of the private cars would have been covered as the insurance awareness is high in the state. But if the engines got damaged due to switching on the vehicle before they were properly dried, it will be considered as hydraulic problem and will not compensated,” he said. Insurance companies can also put forward technical reasons for not paying claims as the floods were caused after the government discharged excess water from dams.

People were warned and hence they had time to move their movable assets. However, the share of damaged houses having insurance cover would not be high and even lesser number would be those who have insured household goods. “We have got intimation for 117 property claims so far, mainly from Idukki, Wayanad, Alleppey, Kottayam, Ernakulam, Malappuram and Palakkad districts.

As the situation is critical at the moment, we are expecting it to take around a month for the victims to reach out to insurers with claims,” said Amitava Gupta, head-commercial claims, SBI General Insurance.

Crop insurance can get triggered as the state estimates that Rs 1,000 crore worth crops would have got damaged. But the initial claim projections by the industry put it at less than Rs 50 crore. Sanjay Datta - chief underwriting, claims and reinsurance - ICICI Lombard, said cash crops like rubber, coffee, tea and vegetables do not have any significant insurance cover.

Some claims would come from the standing paddy crop. “In Kerala, most enterprises are small to medium and are not insured,” said G Srinivasan, ex-chairman, New India Insurance.

Source

Kerala floods: Insurance firms expect claims of more than Rs 10 bn - Business Standard – 21st August 2018

Flood water has begun receding in Kerala, where at least 360 people have died and over 233,000 have been shifted to around 5,650 relief camps. And, general insurance companies are expected to incur claims adding to at least Rs 10 billion in the coming weeks, say analysts.

Last week, the Insurance Regulatory and Development Authority of India told all life and general insurance companies to settle claims from Kerala faster than usual. This would mean relaxing some of the documentary requirements needed to prove a claim.

Avinash Singh, lead analyst at SBICAP Securities, told *Business Standard*: “There will be an impact on the general insurance side but less than what we saw during the Chennai floods (of late 2015). In the case of Chennai, industrialised clusters were the most impacted and a total Rs 150 billion in economic loss led to Rs 50 bn in insurance claims.”

DAMAGE SO FAR

Villages affected	775
Population affected	**543,172**
Lives lost	361
Houses damaged	**20,774**
Full	1,186
Partial	19,588
Damage to Kerala state assets	
Transformers upto 11 kV	1,437
Poles	5,632
Conductor lines (km)	347.2
District roads (km)	3,652.5
Panchayath roads (km)	1,821.5
State highways (km)	106.1

Source: National Disaster Management Agency as of 6pm on 20 August 2018

The chief minister of Kerala has said the extent of damage in the state would be Rs 200 bn. Analysts say insurance companies will bear around 5 per cent of the total economic loss. In the case of the floods in Chennai a higher proportion of corporate policies in that market led to large insurance pay-outs, which is not the case in Kerala.

However, insurance policies are commercial financial products. Ability to claim benefits for damaged property, crops or vehicles depends on the penetration of categories of policies. As with other states, Kerala is under-insured.

“Overall, the losses for primary insurers and reinsurers are likely to be low and it is quite possible that the ‘Excess of Loss’ cover won’t be triggered for most primary insurers. Moreover, the four PSU general insurers are likely to shoulder the bulk of the insured losses (attributable to primary insurers), given their high share in the Kerala market,” says a report by SBICAP Securities.

Insurance players this publication spoke to have said they will ensure claims are paid in a timely manner.

“We have deployed our Catastrophic Claims Management Plan (CCMP) with relaxed settlement of claims. Under the plan, we have created two command centers, one at the local office (in Kerala) which is assisted by a command center at the head office for better co-ordination. We also have deployed resources at site from other locations and would be using a web-platform to manage the claims,” said Amitava Gupta, Lead of the Commercial Lines Claims at SBI General Insurance.

Source

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PSU general insurers to fast-track Kerala flood claims settlement - Financial Express – 20th August 2018

State-owned general insurance companies said today that they are fully geared up to settle claims in flood-ravaged Kerala. National Insurance, New India Assurance, Oriental Insurance and United India Insurance have systems in place and are fully geared to receive claim intimations and ensure smooth and expeditious settlements, the four state-owned firms said a joint statement.

With wide repository of underwriting and claims management resources, they have simplified claim procedures for large scale losses during natural catastrophes, the statement said.

“In line with the same, under the aegis of General Insurers Public Sector Association of India (GIPSA), Ministry and IRDAI directives, a meeting of all the Chief Executives or incharges, over video conferencing was held today presided over by GIPSA Chairman A V Girijakumar where the preparedness including guidelines and monitoring system was reviewed,” it said.

It was observed that claims predominantly relating to motor, property and cattle are being reported, it said. It was decided that on August 22, Technical Department Heads and General Managers will be meeting to align the existing guidelines and make suitable adjustments to fit into the requirements and context of Kerala floods, it said. Monitoring will be done on continuous basis at the Regional level, Corporate Office level, GIPSA and Department of Financial Services. PSU general insurers over the years have done pioneering work in insurance awareness and insurance penetration across the market across all states of the Union of India, it said.

Source

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Insurers under pressure to keep premium low - Financial Chronicle – 20th August 2018

Even as the mega health insurance plan for the poor is being readied for rollout next month, the government is putting pressure on public sector general insurance companies to keep their premium quote at the lowest possible level. The bargaining with insurers is possibly aimed at minimising the financial burden on the Centre.

State-owned Oriental Insurance Company, which successfully won the bid for Daman, Diu and Dadra and Nagar Haveli and offered the lowest premium offer of Rs 2,020, is learnt to be now under pressure to further reduce its premium quote. All other general insurance firms, especially public sector ones, are also likely to feel the heat from the government soon.

Confirming the development, an official of Oriental Insurance said it may not be possible for the company to cover the scheme all together if the quoted premium falls below this level. “We cannot lower the price further to cover the scheme as the company has to suffer a huge loss even with the premium of Rs 2020.”

When asked why the government is insisting on lower premium, the official reasoned that the mega health insurance scheme might cost the exchequer Rs 5,000 crore or even more in FY19 and for which it plays pressure tactics to ease a little bit of financial load through insurers. Oriental Insurance chief AV Girija Kumar, however, denied it, saying that no official communication has been received yet from the government in this regard. In the tender document of the proposed health scheme, there is a provision that the government can ask the L1 winner to reduce the price further.

On the other hand, countering the claim made by the Oriental Insurance sources, a government official said, “They can reduce the premium if they intend to do so. Interestingly, Nagaland is the first-ever state that went for the scheme on ‘insurance’ model and agreed to offer the lowest ever premium for the scheme. Apollo Munich, being a private sector health insurer, won the bidding at a mere Rs 444, which is much less than its public sector counterparts so far.”

For the National Health Protection Mission (NHPM) or Ayushman Bharat scheme, the Centre has left the options to chose for implementation by state governments — trust model or insurance mode or a mixed model. The trust model is not-for-profit model that gives awareness and sensitisation functions using government’s own administrative machinery, especially at district or sub-district level to reach the poor.

While the insurance model that gives advantages through an insurance company in association with third party administrator or TPAs, possible scale up of scheme to cover the non-poor population. The risk factor associated with this model though, is in cost-escalation overtime through a possible collusion between for-profit entities such as insurers, TPAs, and healthcare providers.

Prime minister Narendra Modi in his Independence Day speech had announced that in memory of the birth anniversary of Pandit Deen Dayal Upadhyay on September 25, Ayushman Bharat would be launched in the entire country. “The result of this will be that the poor man will not suffer from illness, he will not have to borrow money for his treatment either,” he had said. As per sources, the scheme will be fully rolled out pan-India by next year, and 22 states have already agreed to implement it so far. “The government’s target of reaching out to 10 crore people is nearing for FY19, and it is also trying to convince other states who are not willing to implement the sche-me,” sources said.

Source

Back

Insurers say Kerala floods claims may touch Rs 500 crore - The Economic Times (Delhi edition) – 20th August 2018

Insurance companies are likely to take a Rs 500-crore hit from the Kerala floods, as they have started receiving claim intimations from the state battling the worst natural disaster in at least a century. The entire state is hit by the rain fury, causing a huge loss of life and damage to property, and crippling the tourism- and services-heavy economy. Insurers are expected to take losses mainly under householders’ policies and life and motor claims.

"Looking at the initial claim intimations, we expect claims under general and life insurance to touch Rs 500 crore," said an executive of a public sector insurer.

A New India Assurance executive said the state-run insurer has started getting claim intimations from individuals and industries. The company got 65 claims worth Rs 35 crore in the first round of intimations and another 110 claims are expected in the second round, said the executive. Several of these people, who have already initiated claims, are on vacation in Malaysia and have made the claims through emails. "We expect more people to file once they go back from relief camps," he said.

About 370 people were reported dead in rain-related incidents in Kerala since the monsoon started in late May, with more than 200 of those in the past week. Lakhs of people are currently in relief camps as their homes are inundated or damaged. Apart from life, property and motor, insurance claims are expected under the Pradhan Mantri Suraksha Bima Yojana and Pradhan Mantri Jeevan Jyoti Yojana. Many factories and stockyards are submerged and the loss assessment on those will come in over the week. "A large number of vehicles are flooded with water," said an executive with a private sector company. "Dealer workshops are submerged in water."

Claims are also expected from the impact on rubber productions in a state that accounts for more than 90% of the country's output of the commodity. Estimated loss to coffee, tea, cardamom and rubber estates are Rs 600 crore, but all of those aren't insured. "Kerala as a state did not take large crop insurance policies, unlike other states like Madhya Pradesh," said Sanjay Datta, head of underwriting at ICICI Lombard.

Insurers expect many claims to come after the water recedes from worst affected areas such as Thrissur, Chengannur, Ernakulam and Kuttanad. They expect claims also from the Kochi airport, which has an insurance cover of Rs 2,500 crore. But the claim amount is likely to be in low double digits as operations at the airport were suspended early, limiting damage. Health insurers could take a hit with likely claims from waterborne diseases after the floodwaters recede.

Looking at the loss to life and property in the state, the insurance regulator had asked insurance companies to take urgent steps for expeditious settlement of claims. Companies have since eased the process for hassle-free claim settlement.

The biggest catastrophe losses to insurers in the recent past have come from floods. Claims from the 2015 Chennai floods were the highest for the general insurance industry at Rs 5,000 crore, followed by Jammu & Kashmir and Uttrakhand floods at about Rs 2,000 crore each. According to a Swiss Re report, on average about 30% of catastrophe losses have been covered by insurance over the last 10 years.

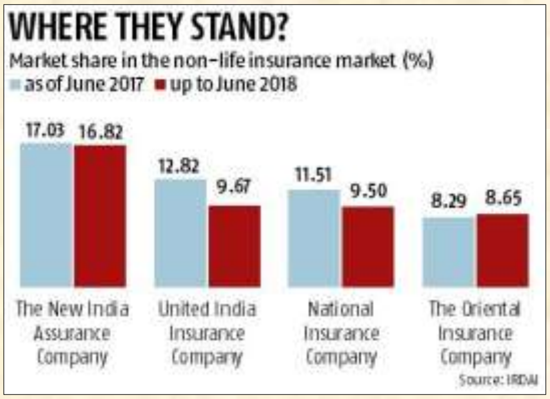
Source

Back

Public sector insurers lose market share to merger plan delay: Irdai data - Business Standard – 18th august 2018

Public sector general insurance firms are losing market share because of delayed merger plans and appointments. According to the latest data from the Insurance Regulatory and Development Authority of India (Irdai), four public sector general insurance companies had a market share of 44.64 per cent as of June 2018, compared to 49.65 per cent a year ago.

ICICI Lombard has cornered 10.1 per cent of the market share in terms of gross direct premium underwritten up to June, making it the second-largest insurer in the non-life space after New India Assurance. At the end of June last year, ICICI Lombard had a market share of 9.97 per cent, and was in the second position in terms of market share.



Till May this year, United India Insurance had the second-largest market share at 10.13 per cent. However, in June, its market share fell to 9.67 per cent, dragging it to the third slot.

The merger, proposed by Union minister Arun Jaitley in his last Budget speech, of three companies — National, United India and Oriental Insurance — was expected to create a public sector insurance behemoth, cornering a third of the market share.

However, the merger plan has been delayed, as the companies are yet to appoint a consultant for the process, said sources. The merger was expected to be completed by April 2019, but now it has been pushed to the next financial year, which coincides with the general elections.

Apart from market share, solvency ratio and profitability of the government companies remain a concern.

The solvency ratios of the three general insurance companies are much weak compared to their counterparts in the private sector and this barely meets the regulatory requirement. For example, National Insurance's solvency ratio stood at 1.26 at the end of March 2016, which was below the mandatory level of 1.5. The ratio improved to 1.9 at the end of March 2017, but again fell to 1.55 at the end of March 2018. United India's solvency ratio stood at 1.54 at the end of March 2018, which was 1.15 at the end of last financial year and 1.91 at the end of FY16. Oriental Insurance's solvency ratio was 1.67 at the end of FY18, against 1.11 at the end of FY17. For most private sector companies, solvency ratio is above 2 per cent.

In terms of profitability, all the public sector general insurance firms have registered underwriting losses, but baring National Insurance, all of them remained profitable on account of investment income. National Insurance incurred a net loss of Rs 21.7 billion last financial year, which, according to a senior official of the company, was on account of wiping out all liabilities. National Insurance's underwriting loss was the highest in the industry at about Rs 55.83 billion.

"While the day-to-day functioning of the companies is not hampered without a regular head, having a CMD is important, as it is the head who decides on the long term vision of the company. More than the market share, solvency ratio and profitability are bigger issues for the public sector firms," according to a senior official from the public sector general insurance sector.

K Sanath Kumar retired from the position of CMD of National Insurance in April, while M N Sarma, from the position of CMD of United India Insurance in May end, and G Srinivasan, from the position of CMD of New India Assurance in July-end.

As an interim measure to run the three companies without a regular head, the government vested two general managers in each of them, who are also whole time directors of the companies, with authorisation powers and responsibility to manage the companies. However, the authorisation came with a delay of about a month for both National Insurance and United India Insurance.

"In absence of a CMD, initially there were some problems, especially in decision making. We got formal authorization in June and hence all the processes are in place now," according to a senior official of a public sector general insurance firm. According to sources, interviews for the post of CMDs were held in May after shortlisting of about nine candidates, and the appointment is awaiting PMO approval.

Meanwhile, private sector companies, although most of them, too, suffer from underwriting losses, they have increased efficiencies and reduced claim turnaround time. "Portfolios which are growing include health, group health and motor among others. We have included a lot of automation and turnaround time for claim processing has been significantly reduced," according to Sanjay Datta, chief, underwriting and claims, ICICI Lombard.

Source

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Health Insurance

Ayushman Bharat off to a good start – Financial Express – 24th August 2018

Nearly 3,000 years ago, one of ancient India's great sages Yajnavalkya composed the Shanti Sukta: "Sarve bhavantu sukhinah; Sarve santu niramayah" (May all be happy, may everyone be free of diseases). What is striking is not only the prescience and universality of this invocation, but also the insight that happiness and health in a populace are inextricably intertwined.

Today, as we reflect upon the journey of India as an independent nation over the last seven decades, the achievements on the health front have not been insubstantial. The life expectancy has more than doubled, and infant and maternal mortality rates are a fraction of what prevailed in 1947. However, there can be no denying the fact that a lot of potential in this sector remains unharnessed—and ill-health is one of the leading causes of Indians falling into poverty. The government spends barely 1% of the GDP on health even as we are confronted with a two-front war—containing the rising burden of non-communicable diseases (NCD), even as we continue

Source

grappling with the control of communicable diseases and reproductive and child health issues. As a result, the citizens' out-of-pocket (OOP) expenditure on health constitutes 62% of the total expenditure on health, placing India at 182nd position out of 191 countries on this indicator.

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Share of govt schemes to remain sub-10% even after Ayushman Bharat - Financial Chronicle – 24th August 2018

Government sponsored health schemes account for just seven to eight per cent of the total health premium of the industry. Even after the launch of the Ayushman Bharat scheme, the industry does not expect this to go beyond 10 per cent.

Of the total non-life insurance premium, health has a share close to 30 per cent. For instance, in the month of July, health accounted for Rs 14,278 crore of the total premium of Rs 49,068 crore and this was 29 per cent of the total pie.

Of this, retail health had a share of 50.70 per cent, group health 55.3 per cent, government-sponsored schemes 6.75 per cent and overseas health 2.44 per cent. PSU insurers have the largest chunk of the Rs 964 crore that came as premium of government schemes.

"Government health schemes usually account for only seven to eight per cent of the total health premium. Though the schemes cover a large number of people, the premiums are low compared to group or retail health policies," said R Chandraseka-ran, secretary general, General Insurance Council.

Even after the ambitious National Health Protection Scheme is launched, industry does not expect the share to go up drastically. "It might go up by one or two percentage points after the launch of the new insurance scheme. But it may remain around 10 per cent of the total health premium," he said.

Though the project envisages coverage of 10 crore families, the premiums are likely to be around Rs 1500 per family. "These are mainly Below Poverty Line families. It may cover more number of people, but the premiums are low," said S R Balachandher, company secretary and compliance officer of Royal Sundaram.

Source

Further, not all states are participating in the scheme and this will bring down the number of families that will be actually covered. Even among the participating states there is no clarity as to how many would follow insurance model and how many would form trusts.

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Ayushman Bharat credit positive for insurers: Moody's - The Hindu Business Line – 23rd August 2018

In a thumbs-up to the government's ambitious health insurance scheme, global ratings agency Moody's on Thursday said it will be credit positive for insurers as it will help grow health premiums and provide insurers with cross-selling and servicing opportunities.

However, since 23 of 29 states have chosen to run the scheme as a trust model, prospects of insurers' growth is lower, it added.

"We still expect that insurers with scale advantages and track records of managing large insurance schemes will benefit from the health programme. Additionally, the programme will provide these insurers with opportunities to cross-sell other products and services to this new customer base," it said in a release.

Due to the trust model, the agency expects that health insurance premiums will increase but only by about Rs 10,000 crore for the additional coverage to 10 crore families. "This is much lower than the current Rs 30,400 crore of coverage for 44 crore," it added. Health insurance contributes around 23 per cent of general insurance premiums and is one of insurers' main growth drivers. Health premiums have grown at a compound annual growth rate of 18 per cent during fiscal 2012-17 (fiscal years end 31 March).

Source

During his Independence Day speech on August 15, Prime Minister Narendra Modi had announced Pradhan Mantri Jan Arogya Abhiyaan, also known as Ayushman Bharat or the National Health Protection Mission (AB-NHPM), which will be launched on September 25 to provide Rs 5 lakh health insurance cover to families every year.

Your medical insurance plan will now cover mental illness, similar to those offered for treatment of physical illness - Financial Express – 20th August 2018

The insurance regulator has directed insurance companies offering health insurance to cover treatment for mental illness. The directive follows the Mental Healthcare Act, 2017 which came into force from May 29 this year making mandatory for insurers to offer medical insurance for mental illness treatments similar to the ones offered for treatment of physical illness. At present, insurance companies do not cover mental illnesses.

"As per Sec 21(4) of the Mental Healthcare Act, 2017 every insurer shall make provision for medical insurance for treatment of mental illness on the same basis as is available for treatment of physical illness. All insurance companies are hereby directed to comply with the aforesaid provisions of the Mental Healthcare Act, 2017 with immediate effect," the Insurance Regulatory and Development Authority of India's (Irdai) circular to insurers said.

Growing burden
The National Mental Health Survey (NMHS) done by National Institute of Mental Health and Neurosciences (NIMHANS) in 2016 found that nearly 150 million Indians need mental health care services. Of this, less than 30 million are seeking care and the mental health systems assessment indicate not just a lack of public health strategy but also several under-performing components.

The survey highlights that nearly 15% of Indian adults are in need of active interventions for one or more mental health issues. "Common mental disorders, severe mental disorders and substance use problems coexist and the middle age working populations are affected most; while mental health problems among adolescents and elderly are of serious concern, urban metros are witnessing a growing burden of mental health problems," it says.

No insurance cover
At present, health insurance providers offer individual and family coverage, primarily for physical ailments and the coverage includes hospitalisation or treatment at hospitals. In the absence of any insurance coverage for mental health disorders, most of the payments for treatment are out-of-pocket expenses.

After the regulator's directive, insurance companies will have to include cover for mental illness. However, the premiums are likely to increase with the inclusion of mental illness such as depression and anxiety under insurance cover. Jyoti Punja, chief operating officer and customer officer, Cigna TTK Health Insurance Company, says insurance for mental health is a progressive step in the right direction and will ensure a life of dignity to those who have mental health issues. Analysts say insurers will now have to make actuarial calculation to calculate the premium rates for mental disorders. Moreover, limits may be set on the total amount of coverage or claims for various treatments related to mental illness.

Earlier this year, Star Health Insurance launched medical insurance cover for children diagnosed with Autism disorder aged between three years and 25 years. The sum insured is for Rs 3 lakh and has sub-limits for ailments and treatments. The gross premium (excluding tax) for this policy in the age group of 3-10 years is Rs 4,800; for age group 11 to 20 it is Rs 5,325 and for those in the 21 to 25 years age group, the premium is Rs 6,075. The policy is renewable up to the insured person completing 25 years of age. Beyond 25 years, the company states in its brochure that coverage will be offered in suitable alternate product with continuity benefits for applicable waiting period.

On Irdai's directive, S Prakash, chief operating officer of Star Health Insurance says the mental health insurance is a move in the right direction as this is one of the major steps that would ensure increased focus in this area. "It will help people suffering from such illness by bringing them at par with any other illness, thereby, offering them equality in every respect," he says. Insurers will now have to file fresh product application with the regulator for mental health coverage or add it to an existing product and revise rates accordingly.

Source

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Is trust model under Ayushman Bharat a lost chance for insurers? – Mint – 20th August 2018

Malti Jaswal, former chief operating officer, Health Insurance TPA of India Ltd
Since a majority of the states have preferred the trust model, the benefits for the insurance industry are now likely to be more indirect compared to the direct role of underwriting and managing risk. For the industry, increased awareness, standardisation of healthcare provider practices, standard medical protocols and package

prices, IT platform for standard codified data, paperless transaction and electronic health records and fraud control are key benefits.

The biggest opportunity lies in converting increased awareness among public to business—covering non-insured population with a similar standard product, offering top-up covers, ensuring continuity of cover to people and so on. The infrastructure, social networks and IT framework created by Ayushman Bharat shall help the industry in substantive management of cost and ensuring service delivery to the uncovered population. Lastly, if the risk management and service delivery are found to be better under insurance and mixed model, it will force other state governments that have opted for a trust model to go for a more efficient route.

Bhargav Dasgupta, CEO and MD, ICICI Lombard General Insurance Co. Ltd.
From a long-term perspective, this scheme could change the way in which healthcare is provided and consumed. From an insurance perspective, in the long-term, it will develop a healthcare provider market which isn't adequate currently. When the government becomes a payer, I as a patient have a financing option. I can now choose a hospital that I like, government or private.

With the government's investment in this scheme, a demand for healthcare will be generated, leading to better private healthcare and more capacity. The standard treatment guidelines will also be a big positive. The scheme will bring standardisation, but it will be limited to the scheme. Will it be replicated in other areas? I don't see that happening immediately. Also, in the next 4-5 years, the trust model may turn out to be more costly than the insurance model because of the price discovery process through the insurance model and the incentive to eliminate misuse and fraud.

Joydeep K. Roy, partner and leader, insurance and allied businesses, PwC
Ayushman Bharat is understood to be an umbrella health cover for the underprivileged, like Rashtriya Swasthya Bima Yojana (RSBY). But it is not a restricted mini cover for surgery; it is a true full service health cover, irrespective of whether it works on a trust model or with insurers.

Inertia in buying insurance and lack of awareness of benefits have been the main impediments. With a universal scheme, people will ask for higher cover and value-added services. That is a massive opportunity for insurers for offering top-ups, advanced covers, and preventive measures to reduce morbidity. That market will be several times larger.

Sophisticated products for the top end and simple electronically dispensed products at the bottom will be the fillip for growth. Indian healthcare spends are in excess of $100 billion. The insurance coverage of that is less than $8 billion. Headroom is not an issue, the right kind of aspiration and strategy is the key.

Dr Bhabatosh Mishra, chief operations officer, Apollo Munich Health Insurance Co. Ltd
Ayushman Bharat NHPM is undoubtedly going to be the largest social security health protection scheme anywhere in the world. While more details will emerge, it is already apparent from what is available that a majority of the states have decided to adopt the trust or assurance model.

The average sum insured of the population covered under private insurance is well below Rs 5 lakh, whereas for Ayushman Bharat, the sum insured is Rs 5 lakh. This would nudge the remainder of the population to get adequate cover.

In the near term, the scheme addresses both issues of inadequate insurance and low penetration. In the medium term, it would drive innovation in product development. One challenge though would be its impact on the price of private insurance. If hospitals decide to subsidize ABNHPM by padding up costs for self-paying or insured patients, it would lead to an unfair burden on the rest of the population. But in the long term, an indirect reform in healthcare would be adoption of protocols, disclosure of outcomes, accreditations and overall transparency.

Source

Back

Ayushman Bharat health insurance: Entitlement and eligibility - The Economic Times – 17th August 2018

Prime Minister Narendra Modi, in his Independence Day speech of 2018, announced the launch of the Ayushman Bharat-National Health Protection Scheme (AB-NHPS). The PM said that the national health insurance scheme will be rolled out on a pilot basis in some states. The full-scale roll-out of the project is expected to be in September end.

According to the various government websites, here is a look at what the health insurance scheme is all about.

Who is the AB-NHPS aimed at?
The scheme is targeted at poor, deprived rural families and identified occupational category of urban workers' families. So, if we were to go by the Socio-Economic Caste Census (SECC) 2011 data, 8.03 crore families in rural and 2.33 crore in urban areas will be entitled to be covered under these scheme, i.e., it will cover around 50 crore people.

AB-NHPS will have a defined benefit cover of Rs 5 lakh per family (on a family floater basis) per year for secondary and tertiary care hospitalisation. It will offer a benefit cover of Rs 5 lakh per family per year. It will subsume the existing Rashtriya Swasthya Bima Yojana (RSBY), launched in 2008 by the UPA government.

Who all are covered?
To ensure that nobody is left out (especially women, children and the elderly), there will be no cap on the family size and age under the AB-NHPS. The scheme will be cashless and paperless at public hospitals and empanelled private hospitals.

How will the entitlement be decided?
AB-NHPM will be an entitlement based scheme where it will be decided on the basis of deprivation criteria in the SECC database. The beneficiaries are identified based on the deprivation categories (D1, D2, D3, D4, D5, and D7) identified under the SECC database for rural areas. For the urban areas, the 11 occupational criteria will determine entitlement. In addition, Rashtriya Swasthya Bima Yojna (RSBY) beneficiaries in states where it is active are also included.

Rural area categories: The different categories in rural areas include families having only one room with kucha walls and kucha roof; families having no adult member between the ages of 16 years and 59 years; female-headed households with no adult male member between the ages of 16 years and 59 years; disabled members and no able-bodied adult member in the family; SC/ST households; and landless households deriving major part of their income from manual casual labour.

Also, these families in rural areas having any one of the following will be automatically included: households without shelter, destitute, living on alms, manual scavenger families, primitive tribal groups, and legally released bonded labour.

Urban area categories: For urban areas, 11 defined occupational categories are entitled under the scheme. Main source of income related to household has been clarified in urban areas as beggars; rag-pickers; domestic workers; street vendors/cobblers/hawkers/other service providers working on the streets; construction workers/ plumbers/ masons/ labor/ painters/ welders/ security guards/coolies and other head-load workers; Sweepers/ sanitation workers/ malis; Home-based workers/artisans/handicrafts workers/ tailors; Transport workers/ drivers/ conductors/helpers to drivers and conductors/cart pullers/ rickshaw pullers; shop workers/ assistants/ peons in small establishments/ helpers/ delivery assistants / attendants/ waiters; electricians/ mechanics/ assemblers/repair workers; washer-men/ chowkidars; Other work/Non-work ; Non-work (Pension/ Rent/ Interest, etc.)

What is the hospitalisation process?
The beneficiaries will not be required to pay any charges and premium for the hospitalisation expenses. The benefit also include pre- and post-hospitalisation expenses.

Each empanelled hospital will have an 'Ayushman Mitra' to assist patients and will coordinate with beneficiaries and the hospital. They will run a help desk, check documents to verify the eligibility, and enrolment to the scheme.

Also, all the beneficiaries will be given letters having QR codes which will be scanned and a demographic authentication will be conducted for identification and to verify his or her eligibility to avail the benefits of the scheme. Benefits of the scheme are portable across the country and a beneficiary covered under the scheme will be allowed to take cashless benefits from any public/private empanelled hospitals across the country.

What are the inclusions?
AB-NHPM will cover medical and hospitalisation expenses for almost all secondary care and most of tertiary care procedures. The health ministry has included 1,354 packages in the scheme under which treatment for coronary

bypass, knee replacements and stenting among others would be provided at 15-20 per cent cheaper rates than the Central Government Health Scheme (CGHS).

What is the eligibility criteria for a beneficiary?
There is no enrolment process in AB-NHPM as it is an entitlement-based mission. Families who are identified by the government on the basis of deprivation and occupational criteria using the SECC database, both in rural and urban areas, are entitled for AB-NHPM. Currently the database is based on census for the year 2011.

A list of eligible families has been shared with the respective state governments as well as state level departments like the ANMs, BMO, and BDOs of relevant areas. A dedicated AB-NHPM family identification number will be allotted to eligible families. Only families whose name is on the list are entitled for the benefits of AB-NHPM. Additionally, families with an active RSBY cards as of 28 February 2018 will covered. No additional new families can be added under AB-NHPM. However, names of additional family members can be added for those families whose names are already on the SECC list. The official website of AB-NHPM is www.abnhpm.gov.in. One may visit the site to view and download the beneficiary eligibility and empanelled hospitals list as and when it gets updated.

Hospital eligibility
Services under the scheme can be availed at all public hospitals and empaneled private health care facilities. Also, the basic empanelment criteria allows empanelment of a hospital with a minimum of 10 beds, with the flexibility provided to states to further relax this if required. Empanelment of the hospitals under AB-NHPM will be conducted through an online portal by the state government. Information about empaneled hospitals will be made available through different means such as government websites and mobile apps. Beneficiaries can also call the helpline number at 14555.

To control costs, the payments for treatment will be done on package rate (to be defined by the Government in advance) basis. However, hospitals with NABH/NQAS accreditation can be incentivised for higher package rates subject to procedure and costing guidelines.

Source

Back

Now, mental ailments to be covered – The Hindu Business Line – 17th August 2018

Mental illness will now be included in medical insurance covers, which will help patients get quality medical care without creating a financial burden. “Every insurer shall make provision for medical insurance for the treatment of mental illness on the same basis as is available for the treatment of physical illness,” said insurance regulator Insurance Regulatory and Development Authority of India (IRDAI).

The move follows the enactment of the Mental Healthcare Act, 2017, which came into force on May 29. As the name suggests, the Act provides for mental healthcare and services for persons with mental illness, and also to protect, promote and fulfil the rights of such persons during the delivery of mental healthcare and services. It has mandated medical insurance for such illnesses. At present, most medical insurance packages do not provide cover for such ailments. Some insurers have now introduced plans for unrelated conditions such as autism in children.

Insurers believe that the IRDAI directive will provide quality medical care to such patients and also remove the stigma from treatment. However, its inclusion could have an impact on premium costs. “It is very difficult to undertake an estimate at present. If there is a significant increase in the number and amount of claims and add to the portfolio losses, then obviously the premium will increase,” said Sanjay Dutta, Chief of underwriting and claims at ICICI Lombard.

“Mental health insurance is a move in the right direction by the IRDAI as it will help people suffering from such illness by bringing them at par with any other illness, thereby offering them equality in every respect,” said S Prakash, COO, Star Health and Allied Insurance. He pointed out that mental health affects young people in the age group of 18 and 35 years with women often more affected than men.

Depression, phobias
Insurers also said that the medical insurance would include all doctor-certified ailments, but is unlikely to cover counselling for depression or phobias. “Insurers will act on this directive. But all of it is a new area for us,” said another executive.

According to the Act, "mental illness" means a substantial disorder of thinking, mood, perception, orientation or memory that grossly impairs judgement, behaviour, capacity to recognise reality or ability to meet the ordinary demands of life, as well as mental conditions associated with the abuse of alcohol and drugs. It, however, does not include mental retardation, which is a condition of arrested or incomplete development of the mind of a person, specially characterised by subnormality of intelligence.

Source

Back

Motor Insurance

Kerala Floods: How these auto insurance add-ons can protect your vehicles during monsoon, flood - Financial Express – 19th August 2018

The arrival of monsoon may be good news for some people facing drought or reeling under the heat wave, however, sometimes that turns into a nightmare especially for home and vehicle owners. The current devastation caused by Kerala floods as well as the floods in some other parts of the country is a case in point, whereby hundreds of people have lost their lives and lakhs of homes and vehicles have got damaged. It is in such cases that householder's insurance and auto insurance policies come to one's rescue.

"When Mother Nature decides to turn ferocious, there is nothing that can withstand its wrath. The best thing one can do, however, is to get a proper motor insurance cover that provides financial protection for one's beloved possessions like bike, car, etc. The recent floods that have crippled Kerala and other states of India have burnt a hole in the pockets of crores of people. It is only vehicle owners who have a comprehensive motor insurance plan are saved from this financial burden," says Devendra Rane, Founder & CTO, Coverfox.com.

A comprehensive motor insurance plan, thus, is the only way one can get complete financial protection for your vehicle. This plan offers cover for any loss or damage done to the vehicle due to natural calamities and other activities such as:

- Damage caused by natural disasters or severe weather like flood, typhoon, hurricane, storm, tempest, inundation, cyclone, hailstorm, frost, earthquake, lightning, landslide and rockslide
- Fire, explosion, self-ignition
- Burglary, housebreaking or theft
- Riot and strike
- Accident by external means
- Whilst in transit by road, rail, inland-waterway, lift, elevator or air

If one's vehicle gets washed away due to the floods, one can file a claim under a comprehensive motor insurance plan. It also covers damage to the vehicle's engine due to heavy floods, or serious damage to the vehicle's body mostly due to a tree falling on it or damage to windshield of the car due to some other object striking it.

However, even a comprehensive motor insurance cover is not adequate in some cases. Insurers say that motor insurance policies do cover all damages due to natural calamities. However, certain actions of customers can lead to damages which are not payable under the normal motor insurance policies.

One such thing is Hydro-static lock or Engine Seizure. Motor insurance policies generally do not cover damages arising out of 'Engine Seizure' which is caused when the water enters the engine of a car, especially cars with low-ground clearance. Therefore, "one should be very careful while driving through waterlogged areas. The first thing to do in such a situation is to stop driving and not trying to start the engine. However, if you have an add-on cover like 'Engine Protector', then the insurance claim is payable. Also, if the customer has a 'Roadside Assistance' add-on cover, then he just has to make a call, and your vehicle will be taken to a safe location," says R Kannan, Executive Director (Claims), IFFCO Tokio General Insurance.

If you do not have add-on covers like Engine Protector or Roadside Assistance, then you should not drive the car when stuck in a waterlogged area. You just have to call a towing agency to tow your vehicle to a safe place. Towing fees are payable along with your repair claims, if any.

"The rest of the add-on covers like NCB protector or Medical Expenses or PA cover are not really helpful during floods. But Depreciation Waiver or Daily Rental or Travel Allowance can be helpful during floods as in case of repairs, Depreciation Waiver cover will ensure full cost of the replaced part and Daily Rental Taxi cover will ensure you have a taxi or travel cost till the time your vehicle is in the garage," informs Kannan.

If the vehicle is fully submerged, it results into a total loss due to excessive water ingress in the engine. In such cases, New Vehicle Replacement cover can be helpful, else only the IDV (Insured Declared Value) is payable.

It is clear, thus, that in order to protect your vehicles completely, you must buy some additional add-on riders. Here are a few important riders that can be bought for getting full protection for your vehicle:
Engine Protection Cover: If you are staying in an area that is prone to flooding during the rains, this add-on cover is a must for your vehicle. “The add-on cover pays for damages caused to the vehicle’s engine or its most important parts like cylinder, piston, crankshaft, pins, gearbox, etc. due to water ingression, leakage of lubricating oil, hydrostatic lock, etc. This kind of engine damage is excluded in the standard comprehensive motor insurance policy,” says Rane.

Return to Invoice cover: This is another must add-on cover as waking up to a full-damaged and flattened-out vehicle with a tree on top always comes as a shocker. This add-on will help you get complete reimbursement for the difference between the ex-showroom price and the IDV (Insured Declared Value) of the vehicle along with registration fees, road tax, and insurance amount in the event of a total loss or theft. This add-on is a complete saviour if the vehicle is declared unfit for further repairs and usage.

Accessories Cover: This add-on is helpful in case the vehicle is submerged in the water or there is water ingression in the cabin leading to damage to vehicle’s equipment and accessories like LCD, TV, seat covers and other luxurious accessories. It will help in covering the cost of the same.

Zero or Nil Depreciation cover: This add-on offers complete coverage to the vehicle against the depreciation in value of vehicle parts. “In case of any claim, the entire value of parts like plastic, fibre, rubber and glass without considering any depreciation will be paid. It, thus, helps save a lot of money in case your vehicle gets damaged, as you get paid the entire cost of the damage,” says Rane.

Roadside Assistance cover: This is another important add-on that should not be missed especially during the rains. This add-on becomes the most useful if you are stranded due to a break-down of your vehicle in the middle of the road. The insurer will provide you with emergency roadside assistance services like help in changing the flat tyres, roadside repairs, emergency fuel refilling, towing facility on a 24 x 7 basis, among others.

Source

The most important point to be considered while buying a comprehensive motor insurance plan, thus, is that you should always choose a plan and add-ons that best suit your needs and budget.

Back

Dos and don'ts while filing your motor insurance claim - The Economic Times – 18th August 2018

Driving can be fun but one accident or an unfortunate event is enough to play spoilsport. This can include your vehicle getting stuck in a water logged area or a falling tree damaging the rooftop during a hailstorm.

In any of these conditions, one will have to apply to the general insurance company to get your motor insurance claim settled. Here are dos and don'ts you should know of while filing an insurance claim.

Dos
Filing an FIR: It's always recommended to file a FIR. "An FIR is mandatory while filing for a claim in case of a road accident including third-party or major accidents," says Tarun Mathur, Chief Business Officer, General Insurance, Policybazaar.com. But, should you report every accident to the police? Mathur informs, "The police FIR can be avoided in case of minor accidents like dents. It is a must where there is a bodily injury or death involved in case of major accidents. If your car is stolen, then you will have to submit an FIR copy to the insurer. Keep a copy of it for yourself."

Inform the insurer: It's always better to call up the insurer immediately and intimate the accidental event. "The accident should be reported within 7 days to your insurance company, failing to do so can get your claim rejected," says Mathur. But some insurers may have a lesser time-period to report. "Most policy providers have a window of 24 hours to 48 hours from the time of the accident to file a claim. So, call your policy provider as soon as possible," says Rakesh Goya, Director of Probus Insurance.

Also, even before taking the vehicle to the garage, intimating the insurer helps. "Report the accident directly to the insurer before taking the vehicle to the garage. They may activate few benefits like towing, pick-up etc, if it is offered by the insurer," says Animesh Das, Head of Product Strategy, ACKO General Insurance.

Ensure the documents are sent to insurer: The claim process will not begin unless all documents are received by the insurer. Ask the insurer about the requisite documents and the time within which they have to be arranged. "Insured has to submit mandatory documents like Motor Claim form, Insurance policy, Registration Certificate (RC) & Driving License of the person driving at the time of loss," says Amitabh Jain, Head Motor & Health Underwriting ICICI Lombard General Insurance. The claim may not be denied even if the delay happens. According to Jain, "Claim liability cannot be denied or dented if required documents are not submitted on time."

At the accident scene: Capturing the scene of the event helps. "Take photos of the accident scene which can serve as valid proof at the time of claim settlement. Also, take note of witnesses, their names, and contact details along with other party involved (if any); will help at the time of third-party settlement," says Mathur. In addition, if possible, take the photo of the policy of the third-party involved as it may help during claim.

Read the policy document carefully: At the time of receiving the policy cover note, the insurer also sends the policy document containing the inclusions, exclusions, and so on in detail. Specific to your case, read the policy document carefully to find out the formalities of the claim settlement process and to know the extent of the coverage.

Finally, "If you have a lawyer, rope him in. They can help you legally and can help you get the appropriate claim amount," adds Goya.

Don'ts

Do not move away at the accident spot: Moving your vehicle away from the accident spot may delay the claim process or even get the claim repudiated. Mathur suggests, "Don't run away from the scene of an accident and also do not move your car or vehicle from the spot." Also, driving the vehicle post the accident may leave you with a lesser claim amount. "Do not drive your vehicle further if the damage is substantial. This may lead to further damage and the insurer may not cover that," says Das.

One should not even start any repair work on the damaged vehicle. "The insured should not start the repair work of the vehicle before approval from the Insurance Company," says Jain.

Do not hide facts: Sometimes one may not reveal the details of the incident in full or one may either hide or exaggerate the details. "Not disclosing the truth can result in two things, it might render your policy invalid or your claim request might get rejected on the grounds of unclear information," says Goya.

Do not settle with third-party: At times, the third-party involved may offer a deal to settle the matter there and then without informing the insurance companies. Do not do this. "If the other involved parties try to arrange a settlement with you without informing the police, this is an illegal turn of events that you must avoid being party to. Remember that the FIR will help in filing your insurance claim, so never skip this all-important step", says Goya.

Do not sign final settlement papers in haste: "Do not give anything in writing to the insurance company before you have had a chance to review your policy. Do not sign any release until you obtain legal advice or believe that the first estimated value provided by the company is the ultimate," says Goya.

Source

Back

Reinsurance

Reinsurance premium may go up for flood risk cover - The Economic Times – 20th August 2018

Even as different estimates of losses suffered by Kerala in the monsoon floods are doing the rounds, general insurance experts on Monday said that there will certainly be an increase in the premium charged by reinsurers for covering flood risks.

They said the reinsurers may increase the loss deductibles to quote a lower rate to cover catastrophic risk. In the case of Kerala floods, the loss will be higher under the motor insurance portfolio as the state has a sizeable number of costly vehicles, they added.

A reinsurance company is the insurer for primary insurer that insures properties and lives of people. Loss deductibles are the amount of loss that a primary insurer has to bear from its own pockets while anything above it is borne by the reinsurer.

"Incidents of floods in India seems to be regular in recent years. The reinsurers may ask the primary insurers to manage the risk with their premium rates. If the primary insurers want a catastrophic insurance cover, then the reinsurers may levy higher deductible to cut down on his own losses in case of flood losses," a senior insurance industry official told IANS on condition of anonymity.

"The deductible will vary from primary insurer to insurer based on their loss experience," he added. "Floods seem to be a regular occurrence in India. We saw that in Uttarakhand, Jammu and Kashmir, Chennai and other places. So, the reinsurers may increase the deductibles," another expert told IANS.

"The reinsurers may increase their rates and also the deductibles. But the premium rate for the policyholders may not be increased by the primary insurers on their own. They have to get the insurance regulator's nod," K.K. Srinivasan, a former Member of Insurance Regulatory and Development Authority of India (IRDAI) told IANS.

According to an expert, there had been instances in the past where general insurers rejected a claim on the pretext that insurance policy covers flood loss caused naturally and not floods due to opening of dams/reservoirs by the government after due warning.

"However, the IRDAI nipped this concept in the bud. Normally, the policy covers the risk of floods and inundation without specifying the causes," a former IRDAI official told IANS. Speaking of the damage to property in Kerala due to floods, an industry official said that the state is not an exception to the general rule of under insurance or no insurance.

"The loss may be high in the case of motor insurance portfolio. Further, Kerala has a sizeable number of costly cars. The insurers may be impacted due to losses in the motor insurance portfolio," he added.

Source

Back

Pension

PFRDA sets up panel for advice on cyber safety - The Economic Times – 19th August 2018

Pension fund regulator PFRDA has set up a standing committee to suggest steps to deal with cyber security challenges with a view to protect the interest of subscribers. The committee has been constituted by the Pension Fund and Regulatory Development Authority (PFRDA) to keep an eye on the technological changes.

"As a regulator of the pension sector and to safegurad the interest of pension subscribers, it is essential to keep an eye on the technological changes and cyber security challenges," said the regulator while announcing its decision to set up the panel. The committee on 'Information Systems and Technology and Cyber Security' will suggest steps to align PFRDA's technology with best industry practices.

PFRDA is a statutory body established by an Act of Parliament to promote old age income security. It develops, promotes and regulates the pension industry under National Pension System and also administers the Atal Pension Yojna. The panel will also advise "with respect to development of Management Information Systems (MIS), supervisory and regulatory platforms which may be deployed in the Authority for efficient discharge of its responsibilities under PFRDA Act".

PFRDA's office memorandum in this regard further said the panel would also advise it on the new opportunities and challenges of "financial technologies and regulatory technologies". "The standing committee may meet as often as may be considered necessary but not less than once in six months, for advising" on matters referred to it, the memorandum added.

Source

Back

Modi's Atal Pension Yojana subscriber base crosses 1 crore, and 40% are women – what you should know - Financial Express – 17th August 2018

Relaunched in 2015 in a new avatar by Prime Minister Narendra Modi, Atal Pension Yojana (APY), the monthly pension scheme of the government, has now over 1 crore subscribers, of which 40% are women. In a written reply to a question in the Lok Sabha, the Finance Ministry said that the number of subscribers under APY as on August 6, 2018 was 1,09,66,981, out of which, 43,87,993 subscribers are women.

Under this scheme, any Indian citizen, in the age group of 18 to 40 years is eligible for a monthly pension at the age of 60. The monthly pension could be Rs 1,000 and Rs 5,000 depending on the contribution made by

Age of Entry	Monthly pension of Rs 1000.	Monthly pension of Rs2000	Monthly pension of Rs3000	Monthly pension of Rs4000	Monthly pension of Rs5000 .
18	42	84	126	168	210
20	50	100	150	198	248
25	76	151	226	301	376
30	116	231	347	462	577
35	181	362	543	722	902
40	291	582	873	1164	1454

subscribers. The government will also co-contribute Rs 1,000 or 50% of the total contribution amount (whichever is lower) for a period of five years between financial years 2015 and 2020.

The scheme was relaunched in 2015 to encourage and enable working population of the unorganised sector to join the National Pension System (NPS) and voluntary save for retirement.

Workers in the unorganised sector constitute 88% of the total labour force, as per NSSO survey 2011-12.

The scheme was first launched in 2010-11 by the UPA government under the name Swavalamban Scheme but was renamed and relaunched by the Modi government due to lack of pension benefits.

Source

The scheme is being administered by the Pension Fund Regulatory and Development Authority (PFRDA).

Back

Insurance Cases

SC rules in favour of NIA over right to reject insurance claim - Financial Express – 23rd August 2018

An insurance company's right to reject a claim on account of delay in intimation does not get waived if it appoints a surveyor to assess the damage, the Supreme Court has held.

While ruling in favour of the New India Assurance Co, a Bench comprising chief justice Dipak Misra and justices AM Khanwilkar and DY Chandrachud rejected Sonell Clocks and Gifts Ltd's plea that the insurer waived its right to declare that the claim could be entertained if it appoints a surveyor to facilitate an investigation into the cause of damage and nature of loss even after delayed intimation.

"That contention cannot be taken forward at the instance of the appellant (Sonell) who has failed to fulfill the threshold stipulation contained in Clause 6 of the general conditions of the policy and for which reason must suffer the consequence.

It is not a technical matter but sine qua non for a valid claim to be pursued by the insured, as agreed upon between the parties," the apex court said, while rejecting its stand that genuine claims should not be rejected on mere technical grounds.

"We uphold the conclusion of the National Consumer Disputes Redressal Commission (NCDRC) that the insurer had not waived the condition relating to delay stipulated in Clause 6 of the general conditions of the policy by appointing a surveyor.

Accordingly, these appeals must fail," it held, adding that "there must be a specific plea of waiver, much less of abandonment of a right by the opposite party".

Sonell had in 2004 insured its building, plant and machinery for `2.87 crore from New India Assurance Co for a year.

As a result of torrential rains and floods, severe damage was caused to the machinery and the raw material lying in the factory premises on August 4, 2004.

However, intimation of the loss to the insurance company was given after around four months. New India Assurance Co rejected the claim after its surveyor stated that the claim was not payable on account of the failure of the complainant to give notice of any loss caused to its property within 15 days after the damage or loss was caused.

Source

Survey & Reports

Farmers still unaware of details of PM Fasal Bima Yojana: Survey – 20th August 2018

Farmers are still unaware of the details of the Pradhan Mantri Fasal Bhima Yojana (PMFBY) even as the government and insurers are trying to increasing the penetration in the non-loanee segment, said climate risk management firm WRMS.

However, in many states, high satisfaction has been seen among the enrolled farmers and reasons for the same were proper implementation in terms of assistance to farmers, involvement of the insurance company and the high percentage of insured farmers receiving payouts, it said.

The PMFBY, launched in 2016, is the most important tool today to insure agriculture against climate and other risks. The scheme which is an improvement over the previous agri insurance schemes not only provides subsidised insurance to the loanee farmers but also offers it to non-loanee farmers.

"In a recent survey done in eight states (Uttar Pradesh, Gujarat, Odisha, Andhra Pradesh, Chhattisgarh, Nagaland, Bihar and Maharashtra) by BASIX, it was found that only 28.7 per cent of the sampled farmers are aware about PMFBY," Weather Risk Management Services Pvt Ltd (WRMS) said.

Difficult process

Per the survey's findings, farmers complain that the process for enrolment as non-loanee farmers is difficult. They have to obtain sowing certificates and land records from the local revenue department, which is time consuming.

Further, bank branches and customer service centres are not always available for enrolment as they are pre-occupied with other works, it showed. "Farmers are not told why they have received or not received claims and what is the basis for the claim calculations," it noted.

According to the survey, 40.8 per cent gathered information from formal sources such as the agriculture department, insurance companies or customer service centres and rest were informed by specific channels creating awareness. From those who were aware of the scheme only 12.9 per cent could get their crop insured of which 77 per cent were linked to loan.

Source

"41.3 per cent of the farmers cited lack of necessary documents as the major challenge to get insurance and the other challenges were small land holdings (21.4 per cent), lack of assistance from government officials (26 per cent) and inefficiency of online systems (17.3 per cent)," the WRMS said about the findings of the survey.

Back

IRDAI Circular

Source

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

Source

IRDAI issued guidelines on insurance claims of the victims of recent floods (August 2018) in the state of Karnataka to all non-life insurers.

Source

IRDAI issued guidelines on settlement of insurance claims of victims of recent floods in the state of Kerala-extension of the circular provisions to flood affected districts of Karnataka.

Back

Global News

Global: Asian growth to drive world's life reinsurance industry – Asia Insurance Review

Growth in the global life reinsurance industry is likely to come from Asia, where global life reinsurers are benefiting from significant growth in the still nascent primary life insurance markets, says S&P Global Ratings in a report.

Asia-based life reinsurers such as China Re, Korean Re, and Taiping Re have been gaining in importance on the global stage in view of their strong positions in their respective primary insurance markets. Nevertheless, S&P

does not envisage any significant shifts in global market shares over the coming two to three years, says S&P Global Ratings credit analyst Johannes Bender.

The global life reinsurance industry should experience stable premium growth of about 3% per year and a return on equity of just above 10% over 2018-2020, says the report.

"This is because the fundamental strengths of the global life re industry remain intact, in our opinion, despite some M&A activity and the emergence of alternative capital in some selected markets," said S&P Global Ratings credit analyst Sebastian Dany.

“We expect the sector's 'bread and butter' US mortality business will remain stable, with cession rates not exceeding 30% over the next few years.”

The international rating agency thinks that the industry's focus on biometric risks remains unchanged, with mortality business still dominating and morbidity growth rates remaining stable.

“Nevertheless, we expect to see increasing longevity risk appetite, in particular from longevity swap deals, mainly in the UK but increasingly also in other markets, such as the Netherlands and the US. We consider that the industry's efficient risk management practices are strong lines of defence against inherent volatility the sector is facing from changes in key actuarial assumptions for calculating premiums, regulatory risks, and data restrictions”, the report said.

Source

Back

Japan: Fire premium hike to be offset by tax increase and interest rate cut – Asia Insurance Review

Japanese non-life insurers appear likely to raise premiums on their fire business from 2019, but the additional revenue is unlikely to offset the negative impact on profitability of the consumption tax hike scheduled for October 2019 and a cut in the statutory interest rate in April 2020, says Fitch Ratings.

The international rating agency expects these headwinds to push up the average combined ratio of large insurers by around two percentage points.

Companies have yet to announce the size of their planned fire business premium hikes, but increases were recently approved by the Japan's Financial Services Agency. Major non-life insurers are also unlikely to revise down premium rates for their voluntary automobile business, as they have in recent years. This should support revenue, but the short-term boost from the fire premium increases will be limited, as most retail fire policies have multi-year terms. The maximum term for fire policies is currently set at 10 years, but it was previously over 30 years.

Moreover, the fire business accounts for only 13% of non-life insurers' net premiums written, compared with 50% for voluntary auto and another 13% for compulsory auto. The consumption tax hike will have a negative impact on earnings by pushing up incurred losses, as auto and other repair costs are taxable. Agency commissions are also taxable.

Meanwhile, the cut in the statutory interest rate will raise insurance claims in auto business lines, as it is used to calculate the net present value of "loss of profit". The statutory interest rate will be lowered from 5% to 3% from April 2020 and will be reviewed every three years to ensure it is consistent with market interest rates.

In the near term, flooding in west Japan in July is likely to result in elevated losses on the fire business in the fiscal year ending March 2019 (FYE19), given that its insured losses are likely to be among the 10 largest ever for typhoons and windstorms in Japan. Fitch estimates that gross insured losses from those floods could exceed JPY150bn, based on estimates from insurers. That said, losses will be partially recovered through reinsurance arrangements and the release of catastrophe reserves.

Accordingly, the three non-life groups - Tokio Marine Holdings, MS&AD Insurance Group Holdings and Sompo Holdings - left their full-year earnings forecasts unchanged for FYE19 in their first-quarter results released last week. Strong capital buffers should help them withstand any additional financial consequences.

High losses on the fire business due to natural disasters had been a drag on non-life insurers' overall performance in recent years.

Source

South Korea: Combined net profit of life companies rises by 7% in 1H – Asia Insurance Review

The combined net profit of life insurers in South Korea rose by 6.7% year on year for the first half of this year, boosted by higher investment returns, government data show.

Twenty-four life insurers, including eight foreign firms, saw their combined net profit increase by KRW198.7bn ($177.7m) to KRW3.14trn for the January-June period, reports Yonhap News Agency citing data from the Financial Supervisory Service (FSS).

In a statement, the FSS said, "The growth for the year to June was based on gains on disposal of marketable securities."The combined net loss of the companies' insurance operations rose by 13.1% year on year to KRW11.3trn in the first half, hit by a decline in sales of savings-type insurance products and rising claims.

Source

Overall, the data show that their profitability was on a steady rise with the insurers' average return on assets gaining to 0.75% for the first half, from 0.74% for the same period last year.

Back

Japan: Insured losses from mid-year floods estimated at up to US$4bn - Asia Insurance Review

Boston headquartered catastrophe modelling firm AIR Worldwide estimates that industry insured losses from the flooding in western Japan caused by excessive rainfall from 28 June to 8 July, 2018, will be between JPY284bn ($2.6bn) and JPY423bn ($4bn).

Following successive heavy downpours from 28 June, onward, several days of record-breaking rainfall until 8 July led to widespread inland flooding in more than 30 prefectures across western and south-central Japan.

As well as numerous rivers and streams bursting their banks, many landslides were reported. In addition to major damage to buildings and infrastructure, there was considerable business interruption. With at least 200 lives lost, this was Japan’s deadliest flood since 1982 and the country’s deadliest natural catastrophe since the 2011 Tohoku earthquake.

In just a few days, parts of Japan received four times the rainfall typically expected in the whole month of July, according to the Japan Meteorological Agency (JMA). Local reports state that new records for rainfall during 24-, 48-, or 72-hour periods were set in 93 locations.

Source

More than 46,000 residential buildings were destroyed, damaged, or inundated, according to data issued on 8 August by the Fire and Disaster Management Agency. There was widespread business interruption, particularly to auto and electronics manufacturers.

Back

China: Insurance sector expands by 3.3% in 1H2018 – Asia Insurance Review

China's insurance sector saw premium income fall by 3.33% year on year to CNY2.2trn ($319.3bn) in the first half of the year, according to official data. The decline slightly narrowed from the 5.9% fall seen in the first five months, reports the Xinhua news agency.

Source

Property insurance firms posted a 14.2% increase, but life insurance companies, which account for over 70% of the total premium income, registered an 8.5% dip, data from the CBIRC showed. At the end of June, the industry had combined assets totalling CNY17.6trn, up 5.35% from the beginning of 2018.

Back

Myanmar: Livestock insurance to be introduced by year end – Asia Insurance Review

Myanmar will launch an insurance policy covering livestock insurance for the first time in 30 years. “We estimate livestock insurance will be launched by year-end,” Daw Sandar Oo, managing director of Myanma Insurance, told *The Myanmar Times*.

State-owned Myanma Insurance, the Department of Livestock Breeding and Veterinary under the Ministry of Agriculture, Livestock and Irrigation (MOALI), Singapore-based InfoCorp Technologies and Myanmar’s RGK+Z&A Group are cooperating to launch the livestock insurance pilot project.

The insurance application process will involve registration of the livestock using InfoCorp Technologies’ tamper-proof livestock identification tagging technology. This involves inserting a digital chip into each animal, said U

Zeya Mon, CEO of RGK+Z&A Group, whose activities are focused on energy, healthcare, industry, and the environment.

The registration fee per head of cattle is estimated to be around $2. There is also a premium rate of about 1% of the value of the livestock.

Livestock registration using this technology is the important step in the provision of livestock insurance.

Myanma Insurance had provided livestock insurance in 1983. However, it was forced to stop selling the policy as it did not have a procedure nor the technology to identify animals that were insured and those that were not.

At present, Myanma Insurance is drafting the livestock insurance policy, including how to provide compensation in the event of death or disease. The policy premiums have yet to be announced.

Source

According to official data, there are currently 11.5m heads of livestock in Myanmar.

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