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QUOTE OF THE WEEK

“The highest levels of performance come to people who are centered, intuitive, creative, and reflective - people who know to see a problem as an opportunity.“

Deepak Chopra

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Manufacturing Insurance

Manufacturing insurance is a type of commercial insurance that protects manufacturing companies from many of the risks associated with their business, including coverage for assets and production capabilities, legal claims, business interruptions, workers' compensation, and commercial vehicles. Workers' compensation is especially important for manufacturing companies, since they often employ a large number of people and run the risk of having multiple compensation claims filed.

Not only can manufacturers be exposed to a lot of risks simply because they often have many employees, but manufacturing work can itself be especially dangerous. Manufacturing typically involves heavy machinery, which might not only increase the frequency of accidents but also their severity. Business interruption coverage provided by manufacturing insurance can also be crucial if business ceases temporarily, perhaps as the result of an accident.

INSURANCE INDUSTRY

Insurers seek re-pricing of Corona Kavach, Corona Rakshak policies - The Hindu Business Line – 20th June 2021

Worried by rising claims and low premium, insurers have approached the insurance regulator IRDAI for a re-pricing of the Corona Kavach and Corona Rakshak policies. Insurers point out that these low ticket policies were expected to be for a short duration, but with the pandemic continuing, they are turning out to be expensive propositions for them and hitting their balance sheets.

“The industry as a whole has asked for repricing of Corona Kavach and Corona Rakshak. We priced it around June 2020, and the actual peak has been five to 10 times of the expectation. These products are a guaranteed loss of money,” said a source privy to the development. Sources said general insurers discussed the issue with IRDAI recently and shared data on losses.

“Insurers too have to report to their shareholders. These schemes were supposed to be for a short duration and no one had thought that Covid cases and claims would rise to such an extent,” noted another insurer.

Covid-specific covers

The Corona Kavach and Corona Rakshak policies were launched last year based on IRDAI guidelines by all insurers to provide Covid-specific cover to customers. Corona Kavach is a family health insurance policy for Covid-19 with sum insured between ₹50,000 and ₹5 lakh available with a term of three and a half months, six and half months and nine and half months. Premiums are as low as ₹150 in some cases.

Corona Rakshak is a defined benefit policy with a sum insured between ₹50,000 and ₹2.5 lakh.

Comprehensive cover

Many insurers are now advising customers to move to Aarogya Sanjeevani, which is the standard health policy, which would provide more comprehensive health cover. Some insurers said that customers, too are preferring to shift to a full-fledged health cover. “One of the objectives, when these policies were launched, was that they would educate customers about the benefits of health insurance and they would eventually migrate to full fledged covers,” noted an insurer.

A recent note by ICICI Securities said that industry-wide Covid claims till May 14, 2021 was 1.5 million in terms of number and $3.1 billion in value compared to 11.1 million in numbers and $2.1 billion in value in 2020-21. “Our channel checks indicate that industry losses are higher on Covid-specific polices (Corona Kavach and Corona Rakshak),” it said.

The general insurance industry has over ₹24,000 crore of Covid related claims to date from the beginning of the pandemic.

(The writer is Surabhi.)

[TOP]

LIFE INSURANCE

Claims throw light on insurance status: Only 14% of Covid deaths had cover - The Indian Express – 25th June 2021

While the country reported over 3.91 lakh deaths due to Covid-19 pandemic, only 14 per cent of them – 55,276 deaths – have made insurance claims so far, indicating the poor life insurance penetration in the country.

Out of 55,276 claims intimated to the insurance firms, nearly 88 per cent — 48,484 claims — amounting to Rs 3,593 crore have already been settled, said L Alamelu, Member (non-life), Insurance Regulatory and Development Authority of India (IRDAI). On the other hand, insurance companies have settled about 80 per cent — over 15.39 lakh – of health claims exceeding an amount of Rs 15,000 crore as on June 22. Over 19.11 lakh Covid health claims have been reported as on June 22 as far as medical insurance or hospitalisation is concerned, Alamelu said.

The repudiated claims for health cover are just about 4 per cent while in life it is just about 0.66 per cent, which is negligible, she said. Alamelu said these figures showcase the opportunity available for insurers. “Now we are grappling with the problem that most of these people have spent a good amount of their savings. It has even taken many below the poverty line, they have gone into debts, sold their assets, pledged their jewellery and have been pushed back to the worst times,” she said while addressing an Assocham event.

She said both the insurance industry and the regulator have worked together to design new policies to cater to the demands of new and unprecedented situation. “We have also eased some processes and procedures to make it easier for servicing the policyholders,” Alamelu said. The insurance industry grew extremely well to end the last financial year with combined life and non-life at a good nine per cent growth. During the April-May period of the current fiscal, growth of 17 per cent has been registered. However, with Covid cases and deaths rising, insurance companies have of late turned cautious with some of them demanding vaccination certificates and stricter medical check-up.

Sajja Praveen Chowdary, Head- Term Insurance, Policybazaar.com, said, “Given the lack of clarity and uncertainty around after effects of Covid, getting a term life insurance policy might take a bit more time for those who have recovered from Covid. A term life insurance policy covers your life for a huge amount for a very small premium and in such policies underwriters across the world have been cautious for ages now in case of any medical condition that has occurred in the 6 months preceding the application for a policy.” Pre-Covid, the number of people who had any medical condition with themselves or family members in the past six months would have been small.

Given the way Covid cases have risen, this number has automatically moved up now because many have turned positive in the recent months. As a result, the proposal for term insurance gets into the zone of scrutiny where additional medical tests are asked for or might get postponed for three months. Over three crore people have been infected with Covid-19 virus so far.

According to Subhrajit Mukhopadhyay, Executive Director, Edelweiss Tokio Life Insurance, the industry has undergone significant transformation since the pandemic struck in March 2020, creating a strong momentum towards the end of the financial year. March and April 2021 have been a culmination of that momentum as the sector has been better positioned to meet the robust customer demand.

"Last year in March and April, the Covid 19 pandemic created a temporary lull as the world was shifting gears to adapt to an unprecedented event. The comparative effect from last year has also contributed to the strong business performance over the last two months. We might see a mild slowdown in May 2021 due to the second wave of the pandemic," Mukhopadhyay said.

"And as people are getting wary of stepping out of their homes due to Covid, it is understandable from their perspective that they don't wish to go out for medical tests or let someone come to their homes to collect samples. On the other hand, it becomes difficult for the insurance company to accept the risk and issue a policy without assessing the risk properly in the absence of fresh medical reports," Chowdary said.

(The writer is George Mathew.)

TOP

Common mistakes to avoid in a term insurance plan - The Hindu Business Line - 23rd June 2021

While we cannot predict the future, what we can do is stay prepared irrespective of what lies ahead. The very first step towards is to have a term life insurance policy that protects your family and provides them with financial security in your absence. Yet, only three in 10 urban Indians buy term insurance plans and even those who do, often make mistakes, which could cause hardship to their family despite all their good intentions. Therefore, here are some common mistakes one should avoid while choosing a term insurance plan: The idea behind a term insurance plan is that if something happens to the policyholder, his/her family can continue leading a comfortable life without worry about the finances. However, if the sum assured is not carefully evaluated based on the future needs of the family, the insurance proceeds may not last long. This is a mistake that is quite common and data shows that an average Indian policyholder's life insurance coverage would meet only 8 percent of expenses of the family following the death of the earning member.

Ideally, the sum assured should be at least 10-15 times the policyholder's annual income. For a 34-year old individual with a family of 4 — including self, wife and two children — earning ₹8 lakh to ₹10 lakh per annum, a sum assured worth ₹1 crore or more seems sufficient to take care of all major expenses, including child's education, marriage, daily expenses and retirement of spouse in case of sudden demise of the policyholder. The financial benefit of the term plan is applicable only if the death of the policyholder occurs during the policy term. If the policyholder survives that term, there is usually no maturity benefit until you are buying a term plan with return of premiums. Policyholders often choose, to save on premium cost, to go for shorter tenure/coverage duration. This could be a major mistake as, at the end of the policy term, the coverage expires. To continue the benefit, you may have to buy a new policy at a much higher premium. One must take coverage for the maximum term available. Since a higher term period would cover you till a longer age, this would also increase the chances of the plan benefits being paid. Ideally, one must opt for a term plan with coverage up to the retirement age that, in most cases, is 60-62 years. Until the retirement age, all the major expenses of a family would have been taken care of and one hardly needs term cover post that age, as dependents such as children would have grown up by then.

When you buy a term plan, you are buying coverage against the risk of death. Therefore, it is obvious that higher the risk, more will be the premium you pay to cover that risk. For example, a term cover of ₹50 lakh is available for as low as ₹5,000 per annum if you buy it at 25 years of age. However, if you buy the same policy when you are 35 years old, it would cost you close to ₹9,000 per annum. So, delaying the purchase would directly affect you in terms of how much money you pay for it. Moreover, since you have to pay the premium every year during the policy term, not locking it in at an affordable price could be a costly mistake. It is suggested to buy a term plan as soon as you have financial dependents. While it is true that pre-existing conditions, and lifestyle habits like smoking and drinking, may negatively affect your term insurance premium, an even bigger mistake is not to disclose them while buying a policy. If the policyholder's death is found to be associated to a health condition that existed when the policy was bought, and was not declared, it could lead to outright rejection of the claim. So think of the bigger picture and keep your family's best interests in mind while purchasing the term plan. Always disclose pre-existing conditions, if any.

It is true that life insurance policies come with substantial tax benefits under Section 80C of the Income Tax Act. However, saving tax should not be your main purpose to buy a term insurance policy. Yet, it is a common practice to buy insurance as a last-minute bid to save on income tax. This is a big mistake because when the goal is tax saving, all calculations tend to focus on premium in order to optimise tax outgo whereas you should focus instead on the sum assured in order to meet your family's financial needs. In addition, when one buys insurance for tax purposes, one tends to make other mistakes as well, like buying a policy with lesser term or a lower sum assured.

(The writer is Santosh Agarwal.)

TOP

EMBEDDED VALUE: Life insurance industry needs to look at its business in a different way - Financial Express – 23rd June 2021

A successful individual is one who takes cognizance of the probable events and associated risks during his life and plans for mitigating such risks, avoidable as well as unavoidable, through a planned handling of such scenarios. The universally accepted principle is that a responsible citizen takes care of himself as well as of his family's future in all probable circumstances through systematic financial planning so that everybody's dreams regarding quality of life are realised, irrespective of the intensity of adversity if any.

A few unfortunate children run the risk of losing either or both parents due to accident or disease, leaving them helpless and at the mercy of others. Adolescents face the risk of losing support when they are about to start a career or their married life. Similarly, a family may lose its custodian at the middle of life and face serious financial crisis as well as dislocations upsetting all the aspirations and activities of the family members.

Insurance provides security

During such a vulnerable life journey the only scientific tool to provide security is insurance. People must be trained to adopt such tools not only once but at every stage of life as insurance steps in when one needs financial security the most. During childhood one needs parents' emotional and financial support. Later, one earns and deploys all resources to make the spouse and the new family members get the best in life.

Such an indisputable interdependence calls for mandatory risk management by the family. One does not require life insurance because he is 'going to die' but because those whom he loves are going to live. This is the only instrument to ensure that one leaves behind adequate wealth for one's dependents even if he doesn't possess any such "wealth" during lifetime. This concept of life insurance needs to be understood by one and all, but unfortunately the method of marketing life insurance during all these years has made the product widely repugnant. Even as the market now boasts digital offerings, the ground reality is that insurance continues to be a push product.

Insurers need to innovate

With so much transformation happening in the marketing area some kind of urgency must be felt by the insurers and the regulator. They need to look at their business differently. Life insurance is a business of social as well as of moral responsibility. People need to be educated about the indispensability of insurance.

Omni channel approach and a very close relationship with the market is what the insurers need to adopt for providing every insurable person a suitable policy and various opportunities to review the client's changing requirements. Insurers need to partner with the customers and ensure that all of their requirements are met at different stages of life. Insurers operating within any market cannot afford to forget that they are collectively responsible to secure every child and every family within the area they are licensed to operate.

Though the insurance industry is growing its business every year, insurance penetration has remained unchanged year after year. Since every family is not adequately covered by insurance, the unfortunate spouses and children have been facing uncertainties and a dark future; such cases being in plenty around us today. The current crisis must revitalise the life insurance industry to rewrite its vision and mission.

(The writer is Kamalji Sahay, former MD & CEO, SUD Life.)

TOP

How to revive a lapsed life insurance policy - The Economic Times - 22nd June 2021

What is a lapsed policy?

The policy for which all benefits to the policy holder cease and which gets terminated due to non-payment of premium amount on the due date or even after the grace period is called a lapsed policy. If the due premium is not paid beyond the grace period, the policy lapses, thereby leading to termination of all the benefits and coverages provided under it.

You should make it a habit to set reminders for premium payments of your insurance policies. However, a lapsed or dead insurance policy may be revived by fulfilling the terms and conditions as per the policy statement. Insurance companies also come up with policy revival campaigns encouraging people to reinstate their lapsed policies extending policy benefits on revival. Read to know the process by which one can reinstate a lapsed policy.

Check revival period

Most companies provide a period of two to three years from the end of the grace period for the reinstatement. The policy document provides this information along with the process to be followed. Check that reinstatement is made during such prescribed revival period.

To apply

To reinstate a lapsed policy, the policyholder needs to make an application for revival to the insurance company. The company may prescribe submitting a standard revival form. In certain cases, a medical checkup at the designated medical centre is mandatory. In other cases, a declaration of good health may be required for the revival. Accordingly, you may be asked to undergo health check ups. You should take advice from the insurance agent or visit the company branch to understand the process.

How much are you due?
To be able to revive a policy, one needs to pay due premiums for all the years since the lapse of policy along with any penalty that the insurance company may levy for non-payment of premiums. Penalty may differ for different insurers and across cases too. Your premiums, going forward, may be higher too.

Updated terms and conditions
A reinstated policy is as good as a new one, therefore, the insurance company may impose new terms and conditions. The policyholder needs to make note of the same by going through the new policy documents. Don't ignore the fine print.

TOP

Can Life Insurance Serve as a Steady Source of Post-Retirement Income? - The Telegraph – 22nd June 2021

The life expectancy figures in India have risen over the last decade. As per Statista, life expectancy in India has increased from 67-68 years in 2015 to 69-70 years in 2020. This implies that the post-retirement life span has also increased. This has a direct influence on the financial preparedness for retirement. While many of you might rely on your accumulated savings to get you through the non-working years of your life, the truth is, the annual rise in inflation (nearly 5-6%) combined with the longer life span and mounting medical expenses can all be an expensive outcome.

To ensure a financially secure retirement, your basic need is to have a regular source of income in your post-retirement life. You should plan and invest in wise investment options like life insurance that offer you dual advantages of a life cover, along with guaranteed post-retirement income. With a regular source of post-retirement income, you will be better equipped to maintain your standard of living, combat the impact of inflation, and meet your and your family's medical expenses in the future.

How does life insurance help?
Specific life insurance plans known as retirement plans are designed to provide you with financial stability during the non-working years of your life. These plans offer the double benefit of life insurance and investment. You pay regular premiums when you are working and enjoy tax exemptions on the premiums paid. The money is invested in the market, and it accrues over the policy tenure. At the vesting age, when you decide to receive the payouts, you can choose to take regular income withdrawals as per your preference. You also get life insurance cover throughout the policy term like a term insurance.

Some benefits of the Retirement Insurance Plans
1. Life protection and regular income till 99 years: When you invest in the Retirement Plan, you enjoy a life insurance cover along with regular income and tax benefits. The payouts can begin from the 2nd policy year and continue till 99 years. This means that even during your retired life, you will have a regular source of income to meet your expenses.

2. Income options of your preference: You can choose your income payout period. You could opt to receive a regular income stream from the 2nd policy year or take the defer income option, where you start getting income a year post your policy tenure expiry. Further, you can also choose the guaranteed income type. You could either take a stable payout or select an increasing income option, where your payouts increase at a defined frequency. This gives you the freedom to plan your retired life well.

3. Added rewards and bonuses: You also benefit from the good financial health of the company. Every time the plan performs well, you have the chance to get added cash bonus as a reward. Each added reward helps to increase your retirement corpus.

4. Riders to enhance your coverage: These Plans helps you enhance your insurance coverage by offering additional riders. These include Critical Illness Rider, Income Benefit Rider, Accidental Death Benefit Rider, Accidental Total and Permanent Disability Rider, Waiver of Premium Rider and Payor Waiver Benefit Rider.

5. A reliable friend in times of urgent need: In case of financial troubles or urgent need of cash, you can also take a loan from your Active Income Plan. This means that even during critical times in retirement, you will have a reliable asset to fall back on.

6. Tax benefits: The premiums you pay in this plan are exempt from taxes under Section 80 (C). Moreover, the income you receive is also eligible for tax benefits under Section 10(10D). This will lower your tax burden in the present as well as in the future after retirement.

With effective retirement planning and the right income options, you can easily secure the most important phase of your life, spanning decades. There is no margin for error here, so make the right choice and at the right time.

TOP

Father's Day Special: Life insurance and financial tips for a secure future - Financial Express – 20th June 2021

As a father, you have a different role to play in your life. One's responsibilities change over time as kids grow up and attain adulthood. What remains a crucial link all through is the financial security till the children are on their own and get married to start their journey of life independently.

During this period when you see your children grow, you need to ensure that as a father adequate financial security is provided to them till their goals are met. In an interview on the occasion of Father's Day, **Manish Falor, Chief Financial Officer, Aegon Life insurance**, finds out what goals should one as a father needs to secure, how often to review them and other financial and insurance tips that one may make use of. Edited excerpts:

For a father with small kids as against a father with grown-up children, how different will the approach be while buying life insurance?
Insurance is bought for the purpose of protection. When your children are young, typically below 20 years of age, you have to take care of almost all their needs. This means that the financial cushion that you create and the investments that you make for them need to be robust. Not only will you need to ensure that they are financially secure in your absence but also create a corpus to finance their education, marriage, etc. Thus, you need an insurance plan that can provide adequate life cover along with investment returns.

With older children, many of the responsibilities have already been met. Further, your children might no longer be as dependent on you as they were in their childhood. For example, your child could have finished her education and might even be working.

Further, you would also be older and might have some pre-existing health conditions. Keeping this in mind, you should look for a life insurance policy that has relatively lower premiums and a large pay-out.

What are those goals that a father can be able to achieve by taking a life insurance policy?
All fathers want to give their children quality education, finance their dreams, and even create a financial corpus that acts as a safety net for them. The right life insurance policy can help you achieve all of these goals.

How often should life insurance needs be reviewed?
Review of any financial investment, including a life insurance policy, should be done either periodically or in the event of a change in circumstances. Generally, if there are no change in your circumstances then it is best to review the policy every five years.
However, if there are changes in your personal circumstances, like marriage, the birth of a child or a significant change in incomes, then that would be a good time to review your life insurance policy.

For fathers who are single parents taking care of their children single-handedly, how important is it for them to have adequate insurance coverage?
While insurance is important for every individual, irrespective of their marital or family status, it is even more important for single parents who are taking care of their children on their own.

There are two aspects to keep in mind here. One, that your health and well-being becomes an integral factor since you are single-handedly taking care of your child. Thus, any reduction in income or increase in medical expenses due to health issues can be detrimental to the savings that you might be making for your child's future, for example, her education fund. An adequate health insurance policy will ensure that you can continue saving and investing for your child despite unforeseen financial burden.

Secondly, a life insurance cover will ensure that in the unfortunate event of your death, your children are not left financially bare. They can benefit from the proceeds of the life insurance cover.

For those buyers who are not tech-savvy and find it difficult to handle insurance matters, what should be their approach?
Today, innovative digital solutions are being deployed that make the entire insurance buying process easy, transparent, and seamless. The only technology that you really need to understand is perhaps how to use a mobile phone. We can safely assume that a majority of individuals can accomplish that.

So, my only advise here would be that you don't need to balk at the sound of technology. User journeys are designed in such a way that it makes it easier and not more difficult to buy insurance online. With just a few clicks you can buy insurance, and that to from the safety and comfort of your homes.

What would be that one piece of advice you would want to give all the fathers this Fathers' Day?
Being a father is a blessing and a source of great joy. However, it is also a big responsibility. You are responsible for the well-being of your family's present and future. And while that is important, you should also plan for your retirement. Here is my advice for all fathers:

1. No matter how meticulous you are with your finances, failure to purchase adequate insurance can impair your financial future. It is crucial to protect your family with adequate life and health insurance.

2. Along with insurance, it is essential to establish an emergency fund and a retirement corpus. Your emergency fund should have enough cash to cover at least six to twelve months of living expenses. The retirement corpus should be able to cover your expenses and act as a second stream of income for when you are not earning anymore.

(The writer is Sunil Dhawan.)

TOP

Life insurers fear Q1 loss due to Covid, up provisions – The Times of India - 19th June 2021

Life insurance companies have increased provisions in the first quarter following higher-than-expected Covid-related death claims, which will hit bottom lines and result in a loss for some. The average number of Covid death claims in FY22 so far have gone up by 1.5x-2x, as compared to entire FY21, according to analysts. Kotak Life has informed its parent bank that it has made a higher provisioning due to increased claims and more mortality-related provisioning for deaths during the second wave. It expects to incur a loss in the range of Rs 225-Rs 275 crore on the shareholder's account. These are losses net of reinsurance. Canara HSBC OBC Life Insurance says it may have to allocate a significantly higher provisioning — which could be more than double — than last year. It is a joint venture of Canara Bank, HSBC Insurance Holdings and Punjab National Bank. Its MD & CEO Anuj Mathur said, "We have seen a 5-6x surge in claims in the last two months of April and May, and the trend continues in June as well. Death due to Covid claims may not be significant this year. However, claims of post-Covid deaths due to long-term effects like heart attack are on the rise." Its average claims size remains unchanged at Rs 10 lakh. Motilal Oswal Financial Services VP (research-banking sector, institutional equities) Nitin Aggarwal said, "Many insurers have already made provisions in FY21, while others like Kotak Life are frontloading the provisions in the first quarter of FY22." He added Max Life has made the highest provisions of about Rs 500 crore, it reported Q4 business figures later than others and had the time to make these provisions.

Max Life Insurance has paid 19,922 death claims worth Rs 886 crore during FY21, making it the company's all-time high individual death claims paid ratio at 99.4 percent in FY21, as compared to 99.2 percent in FY20 and 98.7 percent in FY19. ICICI Pru Life has made an additional provision of Rs 333 crore towards Covid, which is not utilised so far. It has settled total Covid claims of Rs 459 crore for FY21.

HDFC Life has provided about Rs 165 crore towards its Covid reserve for FY22. In its investors' presentation, it said the provision was made based on its actual experience in FY21 and after factoring in aspects such as latest mortality trends across business and customer segments and geographic spread of Covid 2.0. And it will continue to review the adequacy of this reserve through the course of FY22.

(The writer is Mamtha Asokan.)

TOP

GENERAL INSURANCE

Is Buying Travel Insurance During Covid-19 Worth It? – Boom Live – 24th June 2021

Deciding on a holiday destination, and booking hotel and flight tickets are by far the most exciting part of travel. But, buying travel insurance is seen as a necessary evil, done without much thought. Or worse, ignored altogether. Let's face it - travel insurance was never a scintillating topic by any stretch of imagination and eyes were bound to glaze over at any attempt at discussion. That's until Covid19 struck last year. And then, it was a mad scramble to decipher the fine print.

Predictably, travel took a nosedive in 2020 and has continued to be a dream into the first half of 2021.

But, it is only a matter of time before it opens up. So the big question is whether travel insurance is worth it? In a word, absolutely. Now more than ever.

Why is travel insurance important now?
Even before the pandemic, the travel insurance market in India accounted for Rs 595 crore to Rs 814 crore depending on who you chose to believe. It covered a combination of aspects like personal accident, medical expenses and medical evacuation, emergency dental pain relief, repatriation, loss of checked baggage, accidental death and disability, loss of passport, hijack cover, trip delay, delay of checked baggage and such others.

But the spate of cancellations, be it flights or hotel bookings, with the onset of the pandemic put the spotlight on travel insurance. "There has been huge interest and people are very particular in the details," says Dev Karvat, Founder and CEO of Asego, India-based Company which offers global travel assistance and insurance.

"Travel insurance was always bought because it is a statutory requirement for visa. In reality, not much attention was paid to it," says Srikala Bhashyam, Managing Partner of Bangalore-based RS Consultants, a wealth management firm.

But there has been a dramatic shift considering that nearly 80 percent of travellers chose not to buy travel insurance that wasn't mandated by visa requirements. "This shift became evident soon after the pandemic hit, when only a handful of countries were allowing Indian travellers, such as Maldives and Dubai. Nearly 70-75 per cent of travellers purchased travel insurance which was a huge increase; it used to be only around 10 per cent," he says.

"I've always bought travel insurance for six months at a time with fairly comprehensive cover since I also drive," said Anil Nagendra, director at Bangalore-based Ngenux Solutions Limited, an Artificial Intelligence and Data Science company, who travels abroad frequently for work. "I haven't travelled since the pandemic but once I start, I will get as much of a broad policy as I can get since everything is so expensive and I would like every emergency covered," he said.

Will my travel insurance offer Covid19 cover? Yes and no, but this in no way should negate buying travel insurance. Since the pandemic hit, insurance providers are quickly rolling out cover for various Covid19 provisions, from hospitalization to repatriation, to quarantine and hotel stay for family members, change in flights etc. But there is a lot of fine print and policies cover only certain conditions. For example, cover for trip delays and cancellations is dependent on the date of purchase, date of travel ban imposition, and such other factors.

However, depending on the provider, this is an indicative list of Covid19 covers that are now being offered.

- Trip delay
- Trip cancellation or interruption (if insurer or family member is hospitalized due to Covid-19) Missing connecting flight
- Evacuation in case of catastrophe
- Emergency hotel extensions
- Bouncing of hotel/airline booking
- Overseas hospitalisation coverage, for both in-patient and out-patient expenses incurred due to Covid-19 in destination country
- Daily hospitalisation allowance, in case of hospitalisation due to Covid-19.

What are the pertinent questions to ask?

"It is very important to ask what a policy covers, especially the basics, as well to check for individual concerns, like if co-morbidities are covered or eye care or dental issues are included. It is also helpful to ask who the insurance partner is in the country of travel and to keep helpline numbers handy," says Bhashyam.

Karvat says there are a few main aspects to consider. "One of the biggest criteria is the age factor. Requirements may vary significantly for those above 60 years as for those below," he says. Foremost is the health and medical emergency angle, which could include accidents, health emergencies and hospitalisation. Then there is personal safety such as robbery, mugging etc. A third angle is protecting one's money in terms of flight and hotel cancellations, delays, misuse of credit card etc. "It is important to make sure there are ancillary services included such as road side assistance or just access to someone to talk for information regarding various things," says Karvat.

Having said that, he says it is important to consider the trip. People travel for different reasons. So people travelling for adventure will need different set of covers than say a senior citizen. "So ask relevant questions and make sure you have everything covered," says Karvat.

Finally, some important tips.
"If travelling for long periods, say like six months to the USA to be with family, it is better and more logical to get a local policy. Make sure the policy is for a few days more than the period of travel just to factor in unforeseen circumstances. And make sure existing policies are renewed before the expiry date," says Bhashyam.

"It is usually the practice to get a generic policy but a one-size-fits-all insurance policy is not desirable. Ideally, policies should be comprehensive and flexible and designed according to the needs of the customer. We have 7-8 standard templates, but offer as much 50 pick-and-choose options. In the end, the customer has to benefit," says Karvat.

(The writer is Anita Rao Kashi.)

TOP

How is digitization altering insurance claim settlement? - Financial Express - 23rd June 2021

For a very long time in India, the insurance industry has been pretty much resilient to digital evolution. The traditional insurance processes involved cumbersome paperwork, a lack of easy to understand information, and tedious documentation. The entire buying and specifically claimed journey remained opaque, complex, and frustrating for the customers.

Over the past few years, changing business landscape, new digital-first entrants, and evolving customer expectations have transformed the way companies deliver services and handle the moment of truth, yes, including insurers.

Customers now expect transparent and straightforward information about products/services, quick delivery alongside 24-hour access to the support desk. In addition, with the advent of messaging platforms and bots, customers want greater control of how to communicate. With this, they also need bespoke services that address their requirements and challenges, including insurance products. Digital technologies have enhanced the overall customer experience, solve their queries faster and ensure seamless interaction.

How is Digitization Reimagining the Claim Settlement Process?
Before we can look at this, it is essential to look at the entire claims settlement journey. The journey starts right from prevention to notification of loss to evaluation and assessment to finally settling the claims. Unfortunately, the 'moment of truth' was perceived as nothing less than a nightmare for many policyholders due to exhaustive paperwork, lack of timely information, hazy and lengthy processes.

However, that is changing. Insurers are recognizing the importance of a customer-centric approach while settling claims to attract and retain customers. And more and more insurers are leveraging digital technologies to achieve this objective. In one of the reports published by McKinsey, automation can improve customer satisfaction by 15% and improve accuracy by 4% and reduce the claims journey cost by 30 per cent.

But the quintessential question remains how?
For example, Insurtech players in India have embraced the digital ecosystems to meet customers' expectations and remove bottlenecks along the claims settlement journey. The traditional processes involved cumbersome paperwork that looked never-ending and multiple follow-ups.

When implemented right, digital claims positively impact all performance indicators such as speed, effectiveness, and even customer satisfaction that build healthy NPS.

Here are a few benefits of integrating digitization into the process:

- Achieve cost-efficiency
- Faster settlement of claims
- Seamless client interaction at every stage
- Customer satisfaction by managing their expectations

Accuracy and efficiency while settling claims

- Transparency in the process
- Digital Technologies and Their Role in Claims Settlements
- Virtual assistants, bots, and artificial intelligence technologies can simplify claims settlement and provide relevant data feeds to help insurers become more proactive and offer meaningful services.
- With data and analytics, insurers will focus more on risk avoidance than risk mitigation.
- Robust digital First Notice of Loss (FNOL) systems can help in the faster settlement of claims.

With technology, the end-to-end journey will become more thoughtful, convenient, and seamless. The spill over is enhanced customer experience, lower costs, and better-operating margins for the insurers. Reducing frauds – A further key aspect is the role that technology can play in fraud detection. Fraudulent claims are a well-known cost to companies, which the insurance industry then shifts to its customers, so reputable clients bear the cost of frauds. From software tools analysing big data, to block chain infrastructures, there are several solutions that digital technology can offer to reduce the number of frauds to insurance companies, with benefits for both companies and customers.

The Future of the Insurance Industry

The insurance industry is in the middle of a radical shift. The infusion of newer technologies will change the products and services and even the business model. With digital technologies embedded into our daily lives, insurers need to take a step back to understand the changing customer expectations and align their process to match those expectations. Only the companies that can proactively and decisively adapt to the change shall sustain and flourish. Those that do not may find it challenging to generate lucrative returns.

(The writer is Suman Pal.)

TOP

The indispensable personal accident insurance policy – Outlook – 23rd June 2021

Nearly 1,214 road accidents occur every day in India. An accident can occur at any time without any warning, and sometimes it can cause serious harm. Any such untoward incident can have a significant impact on your finances; not only can the treatment be expensive, but if you suffer from any form of disability, it can affect your earning potential.

An accident does not come knocking at the door. Misery never comes alone and often comes without any prior notice. No matter how unpleasant it may read but all happiness disappears in a fraction of seconds due to unfortunate incidents. One moment you are enjoying the good life and then out of nowhere, an accident takes place that can leave you with physical pain, emotional trauma, and financial burden. In worst cases, it can lead to permanent disability, life-threatening injury, or even death.

Personal accident insurance is useful to get financial assistance to you and your family in the event of an accident that leads to death, bodily injuries, temporary total disability, permanent total disability, and permanent partial disability. These reasons stress the importance of accident insurance plans and make them a must in today’s age when the number of accidents is increasing daily. Personal accident insurance can be broadly classified into two categories – Group Accident Insurance and Individual Accident Insurance.

Benefits of Individual PA Insurance Policy

An Individual Personal Accident Cover ensures financial stability for you and your loved ones in case of an accident. These policies are specially planned to provide financial aid to the family dealing with the consequences of a fatal accident. To protect yourself and your family from such a situation, it is paramount that you purchase a personal accident insurance policy since it provides the following benefits:

1. Unlike a health policy, with a personal accident policy, you are covered against any accidental death and your nominee gets 100 per cent of the chosen sum assured. In the case of Permanent Total Disablement also, you get 100 per cent of the sum insured payable. The policy provides coverage for Death, Permanent Total Disability, Permanent Partial Disability, and Temporary Total Disability.

2. Individual Personal Accident Policy provides cover for Accident Hospitalisation, transportation of mortal remains, Education Grant, and no claim bonus for timely renewal on every claim-free year.

3. There are no demands of medical tests and documentation in case of taking this policy that offers multiple benefits at low premiums. Needless to say, getting the claim on time is merely a matter of few phone calls.

4. Most insurance companies cover the ambulance expenses to carry the injured to the hospital from the accident spot.

5. An Individual Personal Accident Cover provides assistance all day, worldwide cover.

6. The entire family can be covered under one plan. Coverage is available for self, spouse, and dependent children.

7. Insurers also provide add-on covers like Medical expenses, Daily Allowance, Life Support benefits, Terrorism cover, Modification of residential accommodation/vehicle, Coverage for fractures and burns, Adventure sports cover, Unemployment cover, etc.

8. Usually, accident insurance plans are offered for one year. However, some companies allow multi-year plans from 1 to 5 years. Insurers also provide Long terms discounts and Group discounts on Personal Accident Policies.

9. Personal Accident is a Fixed Benefit Policy and can be purchased online or offline. The sum insured under accident insurance policies depends on your annual income. The coverage is expressed as a multiple of your annual income and the multiple depends on the insurance company.

Accidents have become very common and you need a financial cushion to deal with the financial implications of an accident. A lot of people ignore buying accident insurance, mainly because they don’t understand the importance of the cover. But you must think about the safety and security of your family and how can they sustain themselves financially if something untoward happens to you. If you get involved in an accident that leads to death or disability, it would have an impact on your income. If you have any liability like a home loan, it would be difficult for the family members to meet the expenses. Besides, you must also take care of the treatment cost. To avoid putting your family in such a financially distressed situation, you must invest in the best accident insurance.

(The writer is Neeraj Prakash.)

TOP

Home Insurance: All about Bharat Griha Rakshak policy - Financial Express – 21st June 2021

Frequent cyclones and floods in different parts of the country leaving behind damaged buildings have underlined the importance of a home insurance policy. After the insurance regulator's guidelines, general insurance companies have launched the standard home insurance—Bharat Griha Rakshak policy.

The standard policy covers natural catastrophes, fire, any kind of impact damage, strike, riots, etc. Along with the home structure, it covers home contents such as furniture and white goods. The owner or a tenant of a building used for residential purposes can buy it. The policy duration is one to 10 years and the age of the building must be less than 40 years. The maximum amount paid under the policy is the sum insured based on the prevailing cost of construction of the building at the policy commencement date and the premium is calculated based on the sum insured.

Policy coverage

The Bharat Griha Rakshak policy has in-built cover for home contents which is 20% of the sum insured of the home building, subject to the ceiling of `10 lakh. In case of only home contents cover, the sum insured for general contents will have to be declared and must cover the cost of replacement of the contents. The policy covers all fittings and fixtures, additional structures like garages, domestic outhouses for residence, compound walls, fences, gates, retaining walls and internal roads, parking space, water tanks for residents and parking space. The policy also offers two optional covers—cover for valuable contents like jewellery, silverware, artifacts; and personal accident cover for the policyholder and spouse where insured peril causes damages to home building and/or home contents and also results in the death of either or both of them. The compensation amount will be Rs 5 lakh per person.

In-built covers

The standard policy offers in-built covers such as loss of rent and rent for alternative accommodation if the home building is not fit for living because of physical loss arising out of an insured event. It also covers for removal of debris (up to 2% of the claim amount) and payment of architect's, surveyor's and consulting engineer's fees (up to 5% of the claim amount). Experts say such a policy can help in increasing the penetration of home insurance which is very low in the country.

For a long-term policy, the sum insured for the home will increase 10% every year for a maximum of 100% of the sum insured at the policy commencement date without any additional premium. One of the biggest benefits of Bharat Griha Raksha is that underinsurance does not apply to the policy. It means that if the sum insured calculated on the basis of the information provided by the owner is less than the actual value at risk, the difference will not affect the amount that the insurance company will pay to the owner in case of any claim. The premium for the home building cover and the home contents cover will depend on the amount of sum insured and factors that define the risk profile of the building.

How to file a claim

In case the insured has to file a claim, he should first inform the insurance company by giving details of the policy number. The claim form must be submitted within 30 days from the date of the loss or damage. He should give a brief statement of the loss, details of report to the police or any authority, particulars of any other insurance of home building or home contents. Then he should submit photographs of loss or physical damage and assist representatives from the insurance company in collecting evidence and details.

(The writer is Saikat Neogi.)

TOP

Why you need a cover for your virtual life - The Economic Times – 19th June 2021

Insurance for your virtual life

You like the convenience of online financial transactions but are wary of the risks? You can now buy insurance to protect yourself from cyber frauds. Commonly bought by banks and corporates the awareness about cyber covers among individuals has been limited so far. However, this is set to change with more insurers expected in the market with similar products. At present, Bajaj Allianz General Insurance and HDFC ERGO are offering such covers.

Need of the hour

Monetary loss or psychological trauma due to cyber fraud or harassment are the biggest nightmares of any individual in today's online world. Not surprisingly, general insurers have come up with cyber policies to cover individuals against such risks.

Cyber Safe by Bajaj Allianz

Covered: Loss due to phishing, email spoofing, damages arising out of Identity theft on social media or otherwise, cyber stalking, malware attacks

Excluded: Fraudulent or dishonest act, bodily injury, property damage, losses related to dealing in securities, foreign exchange, crypto currencies etc

Under the social media liability component of its policy, Bajaj Allianz pays for legal expenses incurred to prosecute the offender if an identity theft occurs on your social media account. Ditto with cyber harassment.

E@Secure by HDFC ERGO

Covered: Transactions compromising accounts, debit and credit cards or e-wallets, loss due to phishing, identity theft, cost of counselling after cyber bullying, legal costs

Excluded: Illegal activities, failure to take precautions, loss reimbursed by banks, claims reported after six months, incidents that have occurred prior to policy issuance

HDFC ERGO's plan, for example, covers losses incurred due to fraudulent online transactions made on your bank account, cards or e-wallets. Financial losses suffered due to phishing – where a fraudulent email masquerading as an official email from banks or other authorities is sent to get the victim to reveal sensitive information – are also covered.

Beware of the fine print

1. Even after you buy the cover, the onus of acting responsibly rests with you. For instance, you must ensure that you notify the bank and the insurer as soon as you discover an unauthorised transaction in your account.

2. Also, the claim may not be payable if it is found that the fraud resulted from negligence on your part. For example, not being discreet about your card details or PIN.

3. Also, unlike a motor or health policy, the scope of coverage is limited to financial or legal damages.

4. Finally, compare covers you have before buying such policies.

The writer is Shambhavi Mehrotra.

TOP

HEALTH INSURANCE

Is home care treatment add-on with existing health policy beneficial? – Live Mint – 24th June 2021

If your existing health insurance policy doesn't cover home care treatment cost or domiciliary hospitalisation, then instead of porting to a new health policy, you can now buy an add-on home care treatment cover.

"The Insurance Regulatory and Development Authority of India (Irdai) has advised insurers to consider offering "Home Care Treatment" and/or "Domiciliary treatment" as an add-on cover to existing insurance products on charging an additional premium. This add-on cover would be quite relevant from a broadening of coverage perspective, especially during a pandemic, where most are treated at home, and the situation is still uncertain & volatile," said Biresh Giri, appointed actuary, Head - Product Development & CRO, ACKO Insurance.

Some health insurance policies already include home care treatment as an in-built feature of policy and helps make reimbursement accordingly. While this is not a mandatory feature, the coverage can vary from one policy to another.

Home care treatment or domiciliary hospitalisation is a situation when the insured person avails of the health-related treatment at home. Although it is a part of the non-life insurance, it contains some mandatory guidelines such as at least 72 hours of treatment at home, to get the claim. Looking at the sudden rise in the number of cases during the second wave, those who had home care treatment as an in-built feature made the best use of the policy as the hospitals had turned many of them away due to a shortage of beds, oxygen, medicines, leaving the patients with no other option.

Naval Goel, Founder & CEO, PolicyX.com, said this notification has come as a big help ahead of an expected third wave of covid-19. Now, people will be able to get treatment at home if there is shortage at hospitals.

"In the recent past, we have witnessed a huge requirement for home care treatment due to shortage of medical facilities where people had gone under home quarantine or even had made an ICU facility at home. Considering the same situation, the aim is to ensure that the customer gets paid for the home care treatment without any financial worry with a minimal addition in the premium," Goel said.

Will it be beneficial for buyers?

Shankar Bali, Joint MD, Vidal Health, said, "The regulator's decision will now permit people to add a domiciliary hospitalisation cover/home treatment cover to their existing health policy as an add-on. Most health policies do not offer a domiciliary cover, and the experience during covid-19 has shown that this could be useful. If the underwriters' price this well, it can get high penetration among the covered populace. It can be a great addition to premiums as well as provide peace of mind to people that even if they get treated at home, their health policy will cover the medical expense."

"With this modification, the insurers will now be liable to pay the medical expense incurred from day one of home care treatment," he added.

(The writer is Navneet Dubey.)

TOP

Group health covers' cost up 40% - The Times of India – 23rd June 2021

Rising Covid claims are pushing up the cost of group health insurance for employers by 25%-40% in the wake of the second wave of the pandemic. This, even as new demand for employee health cover is coming from smaller employers like small and medium-sized enterprises (SMEs) and MNCs with less than 50 employees.

Small business owners are realising that the Employees' State Insurance Corporation (ESIC) programme under which they are covered is inadequate and are opting for commercial group cover. Both Star Health & Allied Insurance MD S Prakash and SBI General Insurance head (product development) Subramanyam Brahmajosyula said that they are seeing 40%-50% growth in SME business compared to last year. Companies that have adopted the full work-from-home model get a relatively lower hike on premium as risk exposure is lower as well as the claims raised. "On an average, we have recorded a 30% rise in the premium price of group health policies as compared to the previous year. On requests, we provide add-on covers where tele-medical consultations and elderly care are covered, against an additional premium. This also includes consultations for mental illnesses," said Future Generali India Insurance chief operating officer Shreeraj Deshpande.

Insurtech company Vital's co-founder Jayan Mathews said, "Since the pandemic outbreak, employees expect an inclusive and cost-effective group health policy which covers post-Covid effects — including counselling for mental health and wellness. There is an added pressure on employers to provide inclusive wellness care for employees who work from home." Vital co-develops the insurance cover with Care Health Insurance and integrates with healthcare platforms for wellness benefits. The rise in premium is because the second wave has made health insurance less profitable. The loss claim ratio for group health business stands above 100%, that is, 104-110% in June 2021, as against 90%-95% in June 2020. The fresh demand is cushioning the price rise. "A high demand could lead to a minimum price revision of 12%-17%, where it could go up to 30%-40% if there is not much pickup in demand," said Nilanjan Roy, who heads group business at ManipalCigna Health Insurance.

(The writer is Mamtha Asokan.)

TOP

How to save big on your insurance premium – Zee News - 22nd June 2021

Health insurance policy is a safeguard that protects us from unaffordable medical care when it is needed the most. While the general assumption is that our insurance policy covers the bills, there are instances where we may have to bear a part of the bill.

Copay & deductibles are two such situations that are overlooked while purchasing a policy. An informed decision is after all what saves you from paying the whopping amount and reap optimum policy benefits.

What is Co-payment or copay?

A copay is a cost-sharing clause that requires the insured to make a percentage payment of the allowable costs. It is also one of the most critical factors that need to be considered before purchasing a health insurance policy. Understanding the copay clause will help you avoid unnecessary financial stress at the time of hospitalization or illness. Another important aspect is that co-payment is applicable on both cashless and reimbursement claims.

For example, if you are charged Rs 10,000 for a medical bill, and your health insurance policy has a 10% copay clause, then you, as the insured, will have to pay Rs 1000, and the insurer will pay the rest. Co-payment does not reduce your sum insured; however, it reduces the claim amount which you receive.
There are multiple variations in co-payment that you come across in the market:

- Certain % of copay applicable on each claim
- Certain % of copay applicable only on the dependent claim
- Lower % or no copay to employees & dependents, and higher % of co-pay for parents
- Zonal copay
- Copay applicable on claims from non-network hospitals
- Voluntary copay
- Compulsory copay
- Copay on claims preferred outside the specified geographical location

What is a Deductible?
A Deductible is a clause used by insurance companies as a threshold for policy payments. In simpler terms, a deductible is an amount that the insured agrees to pay themselves. The Insurer will therefore not be liable for the specified amount of the covered expenses.

For example, if the policy has a deductible of Rs 30,000 for a Sum Insured of Rs 20 Lakh, you will have to pay Rs 30,000, and the insurer will bear the rest.

So, what's the difference between a regular policy and a deductible? Simple - You'll be paying a significantly lesser premium for a policy with deductibles.

For example, a standard policy premium for a 60-year-old woman may cost INR 5000, whereas a policy with a deductible will cost her INR 2,300. A deductible does not reduce the sum insured. (Insurers define whether the deductible is applicable per year, or life, or event, or specific deductible limits).
Deductible maybe
- Voluntary deductible
- Compulsory deductible

What is the key takeaway or the bottom line?
Your insurance policy may not cover your treatments fully. So, always be aware of your health insurance policy inclusions and exclusions. With the plethora of health insurance policies out there, don't forget to compare policy terms and conditions so that your policy is best suited for your requirement.

TOP

4 reasons why your health insurance porting request can be rejected – The Economic Times – 22nd June 2021

Grounds of rejection
Did you know that insurance regulator IRDAI has given the insurers the right to reject a health insurance portability application? If a policyholder fails to submit the required documents on time, rejection can very well happen. Other reasons for refusal of porting request include inadequate information, poor claim history and breaks in the renewal of policy. You may want to move to a better insurer, but it is not necessary that your application will be accepted by the new insurer. It is thus highly recommended that you keep all the policy documents, proofs of identity, medical history etc. verified and ready to ensure a smooth porting process. So when can you be rejected? There are 4 primary scenarios under which this may happen, these are given below.

Underwriting risk
For the insurer you are switching to, I.e. the new or potential insurer, there portability request and a new application are essentially the same. If the customer's medical condition is not aligned with his prescribed underwriting risk or risk acceptance, he can reject it.

Evading, distorting info

Full disclosure of your medical history is a must and non-disclosure will lead you nowhere in the porting process. Discrepancy between the medical condition stated by the customer in his/her proposal form and that observed in his actual condition during the medical check-up can lead to request rejection. Likewise, if the claims history as revealed by the previous insurer is not the same as that mentioned in the form, the new insurer will reject it.

Age

A major factor that may lead to rejection of health policy portability is a relatively high age of the policyholder. While people in the age group of 60-70 have some chances of portability, the applications from people above the age of 70 have high chances of rejection. Insurance companies apply severe underwriting rules, charge higher premiums and may even introduce a co-pay clause to portability requests from senior citizens. Thus, if the customer does not fall within the age bracket specified in a particular plan, the application can be declined.

Technicalities and timelines

If you do not comply with the porting timeline, you can be rejected. Not picking up calls of the new insurer, being unavailable for medical check-up are also some sure shot ways of getting rejected. Make sure also to submit documents by stipulated dates and not miss deadlines.

(The writer is Shambhavi Mehrotra.)

TOP

IRDAI allows home treatment as add-on cover in health insurance - The Economic Times - 22nd June 2021

The Indian insurance regulator IRDAI has allowed non-life insurers to offer "homecare/domiciliary treatment" or treatment at home as an add on cover afresh or to their existing policies.

In a circular to all non-life insurers including standalone health insurers, the Insurance Regulatory and Development Authority of India (IRDAI) has said companies have to file their products with it, if home treatment is offered as an add-on cover.

According to IRDAI, homecare treatment is one taken at home for an ailment that normally needs hospitalisation provided that a medical practitioner advises the insured home treatment; there is a continuous active line of treatment with the health status of the insured monitored daily by a medical practitioner during the duration of home treatment; and that records of daily monitoring of the insured patient and the treatment given are recorded and signed by a medical practitioner.

Norms for settlement of claims should be mentioned in the policy document and prospectus, it said. IRDAI said that insurers can offer the cover to their existing policyholders by charging an additional premium for the residual period of time. Reacting to the development, Liberty General Insurance Ltd's CEO and Whole Time Director Roopam Asthana told IANS that the "add-on cover has to be priced right taking into account the data and possible scenarios".

Though the insurers will save on huge daily hospital room charges, the doctor and nurse fee may be on slightly on the higher side then what a hospital charges. Industry officials told IANS the add-on cover would have been beneficial when Covid-19 pandemic was at its peak and hospital beds were not available, but now the situation is not that serious. owever, it is also true that how the pandemic will pan out in the future is not known.

A senior industry official, who preferred anonymity, told IANS that the coverage should be priced taking into account payments made towards renting hospital beds and other medical equipment that are normally used in a hospital room.

TOP

Does your insurance policy cover mental health ailments? – Money control – 21st June 2021

To say that the pandemic has taken a serious toll on our mental health would be an understatement. In fact, data suggests that ever since Covid-19 gripped our lives, sales for antidepressants have steadily risen to 23 percent, from Rs 189 crore (April 2019) to almost Rs 218 crore this month, as per research reports by All Indian Origin Chemists and Distributors (AIOCD). Even NIMHANS (The National Institute of Mental Health and Neuro-Sciences) reported a sharp increase in its helpline and tele-consultancy calls, from 1,085 per day in March to almost 2,000 in the same period in April 2021.

A 2019 ICMR-PHFI report shows that almost 197.3 million people in the country suffer from various kinds of mental diseases. Adding to this already grim Indian mental health scenario is the bare implementation of the 2018 IRDAI (Insurance Regulatory and Development Authority of India) directive which places mental and physical health on the same pedestal and mandates all insurance providers to make provisions for mental health conditions in the policy as well.

In fact, in its circular titled "Guidelines on Standardization of Exclusions in Health Insurance Contracts'' dated September 27, 2019, the apex regulatory body has made it clear that the treatment of mental illness, stress, or psychological disorders, and neurodegenerative disorders cannot be excluded.

In a recent verdict in the case of Shikha Nischal vs National Insurance Company (April 2021), where the appellant was denied hospitalisation expenses for schizoaffective disorder by NIC, stating that no coverage would be provided for 'psychiatric disorder', the Delhi High court noted that: "Mental illnesses cannot be treated differently from physical illnesses. Insurance policies also cannot discriminate between these two types of illnesses. Mental illnesses can also be debilitating and destructive. The recent pandemic also highlights this beyond any doubt. Circumstances leading to patients requiring isolation, healthy persons being subjected to lock-downs, work from home conditions, loss of employment leading to lack of confidence for long durations have led to several mental problems. Availability of insurance for mental disabilities or conditions is, therefore, not only important but is an essential need."

Such disparities continue despite Section 21 (4) of the Mental Healthcare Act 2017 mandating all insurance companies to provide medical insurance for mental illness treatments on the same basis as physical treatments. This means that the insurance companies can no longer discriminate between these two. To date, more than 234 mental health products have been approved by the IRDAI in this regard. But in the light of the pandemic, mental health issues have aggravated over the past year, shedding light on the inadequate efforts to revive mental health initiatives in the country. Certified suicidal helpline caller Ahsaas Verma, who has witnessed a surge in the number of distress calls he has received, highlights this gap.

"There is a large gap in the expectation of how mental health must be addressed and how it is being addressed currently. I have seen a significant rise in the number of calls as people buckled under pressure, guilt, anxiety, and loneliness, due to lack of physical connections with family, friends, and social circle," he said.

However, some policies have made some progress in terms of taking mental healthcare in the ambit of insurance by covering up to 25 percent of the sum insured in case of hospitalisation expenses or providing for a 48 month waiting period for treatment for behavioural disorders.

However, awareness regarding the same is really low, almost non-existent. Nidhi Jindal, an insurance advisor, recalls how she has not received any claims regarding mental health issues from her clientele to date. “While some companies have accommodated coverage for mental health conditions, the claim rate has been zero till date,” she says.

Affordable mental healthcare does not have to be a dream. The law empowers people to claim insurance for mental health conditions like schizophrenia, depression, anxiety and personality-related disorders, and more. Make sure you check for your policy exclusions before signing for your insurance and remember, your mental health is liable for health insurance.

(The writer is Ira Puranik.)

[TOP](#)

Health cover options for fathers based on age, working status – Live Mint - 19th June 2021

A comprehensive health insurance plan is a must-have in any individual’s financial plan particularly that of a parent as it acts as a safety net and provides financial protection to their offspring in the event of a hospitalisation.

In many cases, the father is the sole breadwinner (though this is changing with changing times), the need for an adequate health insurance cover gets amplified. "As a responsible father, one must purchase adequate health insurance cover depending on one’s life-stage/needs/risk-taking ability and paying ability," said Sanjay Datta, chief-Underwriting, Claims and Reinsurance, ICICI Lombard General Insurance. Hence, individuals (fathers) can purchase various health covers as per their age/life stage. The two important features of health insurance that fathers should look at as per their age bracket are:

Before retirement: Wellness programmes
“If you are a middle-aged father, you must make the maximum utilisation of the wellness programmes which includes participation and successful completion of marathon/ various other fitness activities. The idea behind the same is to lead an active, fit and healthy lifestyle that will prevent/ delay the onset of lifestyle diseases that are common in old age. There are also rewards aligned to the wellness programmes that can be utilised by the customers," said Datta. “One can also opt for sum insured protector, which increases the sum insured as per prevailing inflation rate, which is a pertinent feature for a middle-aged person looking to have adequate cover with advancing age."

Insurers also award the no claim bonus/additional sum insured for every claim-free year.

After retirement: OPD health plan
Fathers who are senior citizens must purchase an out-patient department (OPD) plan so as to minimise their out-of-pocket expenses and receive out-patient care to maintain their health. Additionally, they can also opt for claim protector cover which will reduce the out-of-pocket expenses by minimising deductions in the event of an in-patient claim.

The selection of a health insurance cover is driven by one’s needs/ risk-taking ability, Datta said, “For an elderly father, having an out-patient cover is a prudent decision in order to minimise the out-of-pocket expenses. For a young father, having a family floater cover, covering one’s child is necessary."

Mint's Takeaway
As a well-informed buyer of health insurance, one should evaluate one's needs and go through the policy construct before purchasing the policy. This will help them enable prudent decision making and avoid surprises in the event of a claim.

[TOP]

Insurers 'silent' on 'no cover' for new therapies - The Hindu Business Line - 19th June 2021

New therapies for the treatment of Covid-19 may hold out promise, but the problem is they are pricey and not covered by general health and even coronavirus-specific insurance policies. Several private hospitals are using these new therapies and drugs in view of their 'efficacy'. However, some of these therapies are expensive — costing patients anything between Rs. 60,000 and Rs. 5 lakh, depending on the patient's level of infection, according to information provided by hospitals.

A senior official of a leading private general insurer told Business Line that the monoclonal antibody therapy and cocktail treatments, for instance, are not covered under the health policies. "This is because most of these treatments do not involve hospitalisation and also are not on the list of drugs/treatments advised by the Indian Council of Medical Research,'' he said.

Monoclonal antibodies
But there is an increasing recourse to new therapies. According to K Subba Reddy, Head of Critical Care, Apollo Hospitals, new therapies include the use of monoclonal antibodies, Tocilizumab, Barcitinib, Tofatanib, Anakinra, stem cell therapy, low-dose radiation, colchicine, cytokine filter, and 2 Deoxy Glucose. "Out of all these, monoclonal antibodies are most commonly used. Barcitinib is used only in those who go onto a ventilator (20 per cent of patients0, or ECMO patients (5 per cent),'' Reddy said.

Lack of clarity
There is a lack of clarity on the applicability of insurance cover on many of these therapies which is reflected in the 'silence' of general insurers on the issue. Out of five general insurers contacted by Business Line, only two shared information, off the record.

"There has been a huge pay-out of claims on account of Covid cover being offered under specific policies such as Corona Kavach (mandated by the insurance regulator) and general health insurance. There is a need to tread cautiously, and regulatory clarity is needed on the matter for the benefit of all stakeholders,'' said the chief of underwriting of a private insurer adding that "there are fake certificates and claims, too, in some cases of Covid cover.'' But patients are at the receiving end as the final settlement in a majority of Covid cases is only in the range of 50-65 per cent of the claim.

(The writer is G Naga Sridhar.)

[TOP]

Health Insurance: After losing parents, will orphans lose medical cover as well? - Financial Express - 19th June 2021

The Covid-19 pandemic has already claimed lakhs of human lives in India – the recorded number is close to 4 lakh and is still increasing by thousands every day. Apart from losing their livelihood, many families have lost their earning members as well. Despite the fact that fatalities among children are low, the pandemic has played havoc in the lives of many little ones, with thousands of children losing one or both parents. According to an affidavit filed by the National Commission for Protection of Child Rights (NCPCR) in the Supreme Court on June 1, 2021, as many as 9,346 children have either lost at least one parent or been abandoned between March 2020 and May 2021. According to the report, the recorded figures of children, who have got orphaned after losing both the parents, are 1,742, while some fear that the actual number may be much higher.

As insurance companies provide health cover to a dependent child only if at least one of the parents applies for the cover along with the child, the insurance cover for a child will continue after losing one of the parents. Children are allowed to continue under the family cover till they are financially dependent on the parents or they reach the age of 21 years.

However, the big question is what will happen to the health insurance cover of the children who have lost both their parents?

The continuation of health cover is important for orphaned children as the legal guardians or relatives may take care of them, but may not be in position to bear the burden of hospitalisation cost. When asked about the fate of health insurance cover of orphaned children in absence of both the parents, T A Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance said, "The policy will continue for the children with the legal guardian as proposer." As dependent children include unmarried children, step children or legally adopted children, orphans may not lose their health insurance cover after losing both of their parents, provided their legal guardians continue to pay the premium.

However, to make things easy, clear cut guidelines regarding eligibility and scope of legal guardians are necessary from Insurance Regulatory and Development Authority of India (IRDAI) to ensure continuation of health insurance cover of already insured children even after losing both the parents. This is because, out of affection, grand parents or other relatives of orphaned children may take care of the kids without legally adopting them, resulting in disqualification at the time of renewal of the health insurance policies of such children.

(The writer is Amitava Chakrabarty.)

TOP

Here's why health insurance companies may reject your Covid-19 mediclaim – India Today – 19th June 2021

Covid has been worse than just a health nightmare—it has also crippled many families in India financially. A handful of facts highlight this starkly. India has seen just under 30 million Covid cases and 377,000 deaths (those are official statistics, as of June 15) since the onset of the pandemic in India in March 2020. Covid treatment costs an arm and a leg: as a ballpark figure, Rs 1 lakh for a week in hospital. And India's per capita income is about Rs 1.4 lakh a year.

At about 2 per cent of GDP, India's public health spend is among the lowest in the world. For comparison, countries like the US, UK, France, Germany and Japan spend near 9 per cent of GDP. The 2017-18 National Health accounts estimated Indians' out-of-pocket medical expenses at nearly 60 per cent, while a 2018 Public Health Foundation study projected that medical bills pushed 55 million into poverty in 2017. And the pandemic has certainly done far worse. People pay risk premiums on their health insurance in the hope—no, the expectation—that it will buy them protection should they end up in hospital. In reality, it's often a chimera, with claim eligibility and pay-outs subject to the vagaries of 'deductibles', 'sub-limits', 'exclusions', 'co-pay' percentages and such other devils in the fine print of insurance policies. That Covid is a new disease—with little in the way of 'standard treatment protocols'—means arbitrary standards leading to dubious rejection of insurance claims.

Rajesh Yadav, a 50-year-old construction contractor in Lucknow's Alambagh, was diagnosed with Covid last month. His condition deteriorated and Rajesh had to be hospitalised. He was insured under a cashless policy of Rs 10 lakh, but, even so, had to deposit Rs 35,000 up front when he was admitted to a hospital in Lucknow that was in his insurer's network. A week later, when he was deemed well enough to return home, he was presented with a bill of Rs 3 lakh for treatment. However, on submission of his claim to the insurer, Yadav was informed that it had been rejected because his 'hospitalisation had been unnecessary'.

In March last year, the IRDA (Insurance Regulatory and Development Authority) issued a circular to Indian insurance companies instructing them that they would have to include Covid in the list of covered treatments in standard medical insurance policies, and that this provision would apply to all existing medical policies as well. However, there are ambiguities even in the IRDA circular: "Where hospitalisation is covered in a policy, insurers shall ensure that cases related to Covid shall be expeditiously handled. The costs of 'admissible medical expenses' (emphasis added) shall be settled in accordance to the applicable terms and conditions." 'Admissible expenses' are freely interpretable till contested—and that process is itself a punishment. The ground reality for Covid patients who need hospitalisation is that admission fees must be paid before treatment begins, regardless of their insurance status.

According to General Insurance Council data, as of May 5, 2021, 47,898 Covid claims had been rejected or withdrawn, while 187,754 claims worth Rs 6,848 crore were under review. The high rejection rate of claims is a problem that has persisted despite the Centre's calls for the insurance industry to find a solution. On April 22, the Union finance minister Nirmala Sitharaman asked IRDA chairman S.C. Khuntia to quickly resolve reported issues with cashless claims, since many like Yadav had had to make large deposits despite having cashless policies and even at network hospitals. A day later, the IRDA issued a circular on the issue. Redirecting the problem to insurers, the IRDA said, 'Insurance companies are advised to ensure expeditious settlement of cashless claims under health insurance policies, on a cashless basis.' That advice seems to have been honoured largely in the breach. A problem with official hand waving—the IRDA's addition of Covid to existing medical policies in March 2020 or the finance minister's prod to honour cashless policies—is that while it passes the buck, it does not solve the problem on the ground.

In order to claim medical insurance, policyholders are normally required to inform their insurers within 24 to 48 hours of being hospitalised. By law, insurance firms must directly settle hospital accounts, under cashless policies. However, consumers have the option—to avoid delays in their release after treatment—to settle hospital bills on their own and submit these bills later to make insurance claims. Hospitals have tried to justify upfront advance payments even on cashless policies as a buffer against claims rejected by insurers. "When payments are cleared by insurance companies, we refund the advances to patients," says a senior administrative officer of a chain of hospitals in Delhi-NCR. Another problem is that many medical supplies needed for Covid treatment—PPE kits, sanitisers, masks and gloves—are deductibles under most insurance policies, adding to the out-of-pocket cost for patients that many are unprepared for.

"Deductions happen mostly due to policy restrictions," says Sanjay Datta, head of claims, underwriting and reinsurance at ICICI Lombard General Insurance. "Consumables such as PPE kits, sanitisers, masks and gloves are not covered in health insurance. There could also be room rent limits [in the policy terms] or co-payment clauses." M.N. Sarma, secretary general of the General Insurance Council, also highlights that insurance firms are legally bound only to cover 'reasonable' costs. Alleging cases of inflated hospital bills, he says, "All health insurance, or any insurance for that matter, [only] covers expenses 'actually and reasonably incurred'. If someone is made to pay Rs 20 [for treatment] where they should have paid only Rs 10, that cannot be deemed a 'reasonably incurred' cost." To prevent exploitation by insurers under this justification for claim denial, he moots the creation of a Medical Services Regulatory Authority.

Insurers say that more than 1.1 million Covid claims have been processed so far, and another 187,000 are currently under consideration. Some of this number reflects active cases—as Bhaskar Nerurkar, head of health claims at Bajaj Allianz General Insurance, explains. “As long as a patient remains under treatment, the claim remains open,” he says. He also raises an old point of contention with insurers, that incomplete paperwork is the cause of many claims being delayed. “The pressure on hospitals is very high because of Covid,” he says, highlighting how difficult it can be for patients to get together the necessary paperwork for a valid claim.

State of Play

In 2018, health insurance accounted for about a quarter of the total insurance market. However, according to the National Family Health Survey, most Indian states and Union territories report under-50 per cent health insurance coverage. Only a few states stand as exceptions, including Andhra Pradesh, Telangana, Assam and Kerala. The Ayushman Bharat Yojana, launched in 2018, aims to provide an annual health cover of Rs 5 lakh per family to about 40 per cent of the population. The scheme includes and subsumes several central and state medical insurance programmes launched over the past 20 years. In a November 2020 review of Ayushman Bharat, health minister Harsh Vardhan claimed “14 million cashless treatments worth over Rs 17,500 crore” under the scheme, but independent reviews have been less optimistic. They also point to exclusionary eligibility criteria, which has left many in the target demographic high and dry. Others point out that it does not include outpatient services and that it is heavily dependent on private hospitals. What is revealing is the revised Ayushman Bharat spending for 2019-20—against a budgeted Rs 6,400 crore, only Rs 3,314 crore was spent that year. For financial year 2022, the budget has once again been set at Rs 6,400 crore.

On April 28, having heard several petitions on medical infrastructure—including those relating to shortages of oxygen, medicines, beds and ventilators—the Delhi High Court ordered insurance companies to speedily process Covid claims, observing that six or seven hours to review a claim was too long a turnaround time. Ordering that the response time had to be an hour or less, it warned that insurers violating its ruling would risk contempt of court. While this may speed up the processing of claims, it won’t reduce the rejection rate. ‘Pre-existing (medical) conditions’ are another commonly cited technicality for rejection of claims by Covid patients. To make matters worse, many policyholders are found to have not disclosed these conditions when buying their policies. Insurers take a hard stand on this, saying the onus is on customers to fully declare their medical history when buying insurance. “How to deal with non-declaration or misdeclaration of pre-existing diseases is subjective. Insurance is all about trust. Customers should refrain from hiding material information while buying a policy,” says Datta of ICICI Lombard.

Others say insurers, faced with a sharp spike in the number of claims, are invoking arbitrary rules. Dr Farahim Khan, a resident doctor at the Holy Family Hospital in Delhi, says insurance requests were settled with far greater ease during the first wave of Covid-19. About the extra scrutiny during the second wave, he says that if patients are hospitalised following positive RT-PCR tests, insurance companies will now ask to see their SpO2 (oxygen saturation) levels at the time of admission to validate claims. If the level was above 94/95, claims are being rejected, with insurers saying these patients did not require hospitalisation. Also, if medical reports mention co-morbidities or disqualifying pre-existing conditions, there is greater scrutiny. Clearly, the official interventions so far, by the IRDA, the finance ministry and even the courts, have not been able to substantially address the problem. And while the rejection of claims may devastate families, even insurers need time to price in risks and update their deals with customers. There also needs to be an accessible and fair regulatory authority to oversee disputes. Until then, insurers will continue to complain, and consumers will continue to suffer.

(The writer is Shubham Shankdhar.)

TOP

MOTOR INSURANCE

Sinking car visuals haunting you? Here's how to stay afloat with comprehensive insurance – Times Now - 19th June 2021

Monsoons in India usually bring respite from the scorching summers. However, persistent rainfall in many cities also brings a set of problems.

A recent video from Mumbai went viral showing a car that slowly disappeared into a sinkhole after torrential rains. It was a scary sight not only for the car owner but also for millions who watched the video. The incident highlights the need to be aware of the dangers of natural disasters to not just our lives but also our important assets. It also reminds us that while we have little control over the course of nature, we can certainly adopt measures that provide us financial relief if there's a crisis— namely, insurance.

While the car in the viral video was eventually pulled out with the help of the local officials, it's almost certain that its submergence led to serious damages. A comprehensive car insurance policy is created anticipating such risks and the financial costs vehicle owners must bear after an unexpected event such as this. As per the Motor Vehicles Act of India, all vehicles running on the road must be insured. The new Motor Vehicle Act 2019 imposes a fine of Rs 2000 for driving without car insurance. Thus, car owners must have an insurance policy that covers them for varied damages.

Types of automobile insurance products

There are mainly two types of auto insurance products available in the market - comprehensive car insurance policy and third-party car insurance. As the name suggests, a comprehensive car insurance policy provides greater coverage by not only covering the costs of the damage to your car but also covering the costs incurred due to damages to a third party – any party apart from you and the insurance provider. It provides protection against theft, fire damage, burglary, and losses due to man-made and natural disasters. Besides, there are some additional covers you can opt for at an extra cost to fortify your comprehensive car insurance policy.

Third-party insurance is mandatory by law and covers you against legal liabilities for the damage you may cause to a third party. It includes injury, damage, disability, and death of a third party caused by your vehicle. However, you cannot claim insurance for injuries suffered or repairs of damages to your car. These will be covered only by a comprehensive insurance policy. That said, a comprehensive insurance policy also covers all liabilities covered under a third-party insurance plan.

The scope of losses covered by a comprehensive policy

Generally, a comprehensive car policy enables you to file a claim for damages caused to most car parts. You can claim damages caused to your car's seats, windshields or any other parts, say, due to floods, cyclones, hailstorms, etc. But you may not be able to claim losses for the damages done to your car's engine due to water ingress because of monsoon or floods. If the engine is damaged due to waterlogging or because of the hydrostatic lock when your vehicle is submerged, the damages may not be covered under a standard comprehensive plan. However, an engine protection add-on cover, offered as a paid optional facility to your basic comprehensive plan, can help you in such situations. The add-on cover, available under different names in the market, can safeguard your finances in case the engine is damaged due to waterlogging.

In case your vehicle is washed away or completely lost during a natural calamity such as floods, earthquake, etc., you can claim for the losses according to the terms and conditions of your chosen insurance product.

Consider these add-ons to strengthen your policy

While a comprehensive insurance policy may cover most damages, you may have to buy additional covers or add-ons to protect yourself against robbery, engine damages, costs of breakdown assistance, etc. These add-ons could ensure peace of mind for you at nominal costs. Add-ons such as engine protection can cover damages due to waterlogging. A personal accident cover compensates for injuries or death during an accident. A breakdown assistance add-on helps in situations such as breakdowns, puncture, loss of keys, car doors getting locked, etc.

As your vehicle ages, its value depreciates. A zero depreciation add-on cover is offered to provide complete coverage on the purchase price of the car rather than on its depreciating value. Typically, it is offered with new cars. Besides these, you can also go for accessories cover add-ons that will help you claim damage for valuable accessories such as LCD display, stereo, reverse camera, etc. You can go for a consumable protection cover that can help you claim damages for repairs or replacements of nuts and bolts, screws, air conditioner gas, bearings, engine oil, oil filter, fuel filter, brake oil and other associated parts.

Car tips to follow during monsoons

If you live in a waterlogging-prone area, you must be careful where you park your vehicle or while driving on waterlogged roads. Do not try to start a stalled car in a waterlogged area because this could damage the engine. After the damage, take your car to an authorised garage and not a local mechanic as the insurance company may recognise only authentic parts replacements and not the unauthorised ones. When driving during the monsoons, keep the windows slightly open and the central locking system unlocked.

Finally

Buying a comprehensive car insurance policy with critical add-ons instead of just a mandatory third-party plan is desirable to reduce the impact of the associated financial risks. Doing so would cost you a bit more, but the benefits would be worth it in times of crisis. To ensure you get the best deal, compare different insurance products and go for the one that best meets your requirements. However, don't just blindly settle for the policy with the cheapest premiums but also consider the policy features and the insurer's claim settlement track record while finalising your purchase decision.

(The writer is Adhil Shetty.)

TOP

EV Insurance premium likely to rise in future - The Economic Times – 19th June 2021

Electric vehicle (EV) sales have increased in India in recent years. EVs have been in range even in worldwide markets, and in the coming years, a big number of people will switch from conventional automobiles (petrol and diesel) to EVs. Premiums for electric vehicles are currently 10-15% lower than those for diesel and gasoline, but rates are expected to rise in the future.

An Electric vehicle, like any other vehicle, needs insurance to protect you financially from damages caused by accidents. In addition, the insurance protects you from any liability stemming from any property damage, death, or injury caused to another person as a result of an accident involving your vehicle.

There are three main types like battery electric vehicles (BEVs), plug-in hybrid electric vehicles (PHEVs), and hybrid electric vehicles (HEVs). A vehicle with a power output more than 65 kilowatts (KW) now costs roughly Rs 6,700 in insurance rates. While it costs Rs 2,700 for 30-65 KW. Third-party premiums, on the other hand, start at Rs 3,211 for a car with a power of 100-1500 cc.

In India, you are required to have at least third-party automobile insurance in order to drive on public highways. The Motor Vehicle Act of 1988 imposes this requirement. It is against the law to drive without insurance. With your electric car insurance policy, just like with all regular car insurance policies, you get third-party insurance, which is mandated by law in India. However, still, EV insurance is on the nascent stage in India.

However, as sales improve, premiums may rise in the future as value and spare parts prices rise. As we have seen, certain EV spare components are more expensive than standard automobile parts, and electric car repair is also more expensive. Only technical experts are capable of doing repairs on electric vehicles.

TOP

SURVEY & REPORTS

Hospital stay, ICU need, treatment cost lower for those vaccinated against Covid-19, finds study - The New Indian Express – 24th June 2021

Those vaccinated against Covid-19 have a significant advantage when it comes to average duration of hospital stay, ICU requirement, treatment cost and mortality -- even if they needed hospitalization -- as compared to those without jabs, a first-of-its-kind study from India has shown. A retrospective research carried out by Star Health insurance among 3,820 patients with its health insurance policies who landed up in 1,104 hospitals across the country in March and April says while the mean stay in hospital was 7 days for the unvaccinated, it was 4.9 days for those who were vaccinated.

Among 3,820 patients with Covid-19, 3301 or about 86.4 % were unvaccinated while 519 or 13.6% were vaccinated. The findings showed that among the unvaccinated population 8.8% required ICU and this was lesser -- 6% -- among the vaccinated and the need for ICU was further lesser at 3 % after two doses of the vaccines. Among those who received two doses of vaccination there was a 66% relative risk reduction in ICU stay and 81% relative risk reduction in mortality, the paper noted, adding that even among those with comorbidities, a single dose was able to significantly reduce average length of hospitalization and treatment expenses.

The mortality among unvaccinated patients was 0.5% while there was no mortality among the vaccinated. Also, while the mean total hospital expense among the unvaccinated was Rs 2,77,850, it was Rs 2,17,850 or about 22% lesser for those who caught the infection at least 14 days after the second dose of vaccination.

Dr S Prakash, managing director of the insurance firm which has handled more than 3 lakh Covid-related claims during the pandemic so far, said that the study was aimed at understanding in exact terms what benefit vaccination offered for patients, the healthcare industry and the country as a whole. "The point that needs to be highlighted is that this is a first-of-its-kind study from a health insurance company in India done on a nationwide basis during the early period of vaccination in March and April," he noted.

His co-author and joint vice president of the company Dr Madhumati Ramakrishnan said: "Those who took the vaccine had a clear advantage over the non vaccinated as there was a significant difference in terms of parameters like hospital stay, need for ICU, cost of treatment and death due to infection."

Highlighting the results, their paper said that these findings may be used in motivating the public and promoting the vaccination drive. The research paper also stressed that its coverage of pan-India data from a health insurance point of view was unique and analysed not only the medical benefits but also the financial implications.

"This may pave way in educating and motivating the public regarding the role of vaccination in reducing morbidity, mortality and hospital expenses," the authors noted.

(The writer is Sumi Sukanya Dutta.)

TOP

Two of three individuals intend to invest in ULIPs in coming year, says survey - Live Mint – 23rd June 2021

Two out of every three Indians intend to invest in a unit-linked insurance plan (ULIPs) in the coming year, as per a survey conducted by Bajaj Allianz Life Insurance Co, with about 92% feeling that their affinity for these products rose post the first wave of the covid-19 pandemic as things returned to normal.

The study, conducted among 499 individuals in the age group of 21-50 years, was done in association with Nielsen. The key objective of the study was to explore customer perspectives on life goals and investments in life insurance and understand customers' affinity towards ULIPs.

In terms of top five goals in life, financial security for family was the most important for those surveyed at 41%, while retirement planning and investing was second at 39%. Life insurance was the most preferred product to plan for long-term goals such as retirement and children's education, as two in every three Indians said that they invest or intend to invest in these products to achieve long-term life goals.

For investment portfolio distribution, of the 499 surveyed, 23% of the allocation was in bank deposits such as savings, fixed deposits, and recurring deposits; followed by 18% allocation in life insurance investment plans; 13% in health, general, and accident insurance plans; and 11% in equities or mutual funds. When it came to reasons behind investing in market-linked products, good returns got the highest vote share, followed by income tax benefits and fund performance. Notably, insurance coverage on death was the least preferred option for selecting market-linked products.

Specifically, the top three triggers for investing in ULIPs included a range of fund options, expert advice by the company, and flexibility of partial withdrawals. According to agents surveyed by the insurance company, flexibility and control are the two key areas that act as major barriers to invest in ULIPs.

"The survey indicates high affinity towards ULIPs, across customer profiles of age, income and geography. The key purchase triggers towards ULIP include its potential to deliver higher long-term return, flexibility to switch funds or withdraw and added benefit of life insurance cover. Customers rate life insurance as one of the most preferred investment instruments to achieve their long term life goals," said Chandra Mohan Mehra, chief marketing officer, Bajaj Allianz Life.

(The writer is Abhinav Kaul.)

TOP

Demand for Term Cover Surged in Tier 2, 3 Cities in Lockdown 2.0: Report – Live Mint – 23rd June 2021

Demand for term insurance plans increased significantly across the country during the second wave of covid-19, as per findings by PolicyX.com. The portal registered around 20% growth in term sales during the lockdown in April and May 2021 compared with the year ago period. "This positive trend has been spotted despite an excessive hike in the term insurance premium last year. The insurance companies, reeling under the burden of the increased number of claims due to covid-19, increased the term insurance premium at least a couple of times from mid-2020," said Naval Goel, Founder and CEO, PolicyX.com. “Moreover, several insurance companies have tightened their policy underwriting in the last year on various fronts such as restriction on entry age, lower-income, and pre-existing diseases to cut down on the people having higher life risk" added Goel.

The age bracket of buyers remained constant in 2021 and 2020 with people in 36-45 years comprising 43% of buyers, followed by the age group of 26-35 years at 35%. In terms of features, the Return of Premium policy seems to have attracted a majority of buyers and stood out as a favourable feature in term insurance plans. It is a type of life insurance policy that returns the premiums paid for coverage if the insured party survives the policy's term or includes a portion of the premiums paid to the beneficiary upon the death of the insured.

Another interesting trend spotted during the second outbreak is the significant demand from the Tier-2 and -3 cities for term insurance plans. Nagpur, Kanpur, Coimbatore, and Raipur are a few cities that have added potential numbers to the sales. Male members of the middle-class group have emerged as a new category of buyers, said the report.

“The recent mutation of the covid-19 has further boosted the demand for the term insurance plan as people have realized that term insurance is instrumental in keeping their families financially strong in case of their demise. The trend spotted from smaller markets is quite amazing as people now understand the significance of buying term insurance via an online buying platform. We expect this demand trend to continue with a greater number of sales from Tier-2 and -3 cities in the future," said Goel.

(The writer is Navneet Dubey.)

TOP

General insurance industry to grow at 7 to 9 pc in FY22: ICRA – The Times of India – 19th June 2021

The general insurance industry is expected to clock 7 to 9 percent growth in gross direct premium income during FY22, investment information firm ICRA has said. This will be supported by growth in the health segment and an uptick in the motor segment. "Despite underwriting losses, the sector is expected to report marginal return on equity (3 to 4.5 percent) largely supported by investment income which is highly regulated by the Insurance Regulatory and Development Authority of India (IRDAI)," said ICRA. In FY21, the industry witnessed a 4 percent year-on-year growth to Rs 1.85 lakh crore. Public sector undertaking (PSU) entities were slower to adjust in an online mode of growth and the reliance on physical meetings was higher. This resulted in a 2 percent y-o-y decline in business at Rs 71,800 crore while the private sector reported an 8 percent y-o-y increase in gross direct premium income to Rs 1.13 lakh crore, said ICRA. The health and personal accident business saw a growth of 12 percent in FY21.

PSU entities had a muted growth in FY20 at negative 2 percent but saw a pick-up in growth during FY21 at positive 2 percent. The motor insurance segment has traditionally been the biggest segment for the general insurance industry but its share has gradually declined from 46 percent in FY16 to 37 percent in FY21. For FY21, the total motor business had a growth of 2 percent to Rs 67,800 crore due to Covid-19 lockdowns in CY2020 and lower new vehicle sales. The fire insurance products accounted for 11 percent of the overall gross direct premium income during FY21. The total premium rose 27 percent in FY21 compared to a growth of 35 percent in FY20. The growth in FY20 was strong for both PSU and private sector players which increased market share in FY21.

TOP

PENSION

Centre may separate EPF, pension accounts – Live Mint – 21st June 2021

The government may separate the provident fund and pension accounts of millions of formal sector workers covered by the Employees' Provident Fund Organisation (EPFO) in order to protect monthly pension pay-outs. The move is being seen as a pension reform under the labour code on social security. Authorities believe that once EPFO subscribers have a separate pension account, they won't withdraw their pension accumulations along with employees' provident fund (EPF).

When workers withdraw their provident fund, they end up breaking into their pension fund, too, because they are part of a single account at the moment, according to two government officials.

The problem has become acute post the pandemic, with mounting joblessness. A total of 7.63 million employees have dipped into these savings under a clause called covid advance as of 31 May 2021, following the outbreak of the pandemic last year. Since 1 April 2020, some 39 million claims, including covid advances, have been settled by EPFO as of 19 June 2021.

Of the cumulative 24% statutory EPFO contributions by both employees and employers every month, 8.33% goes to EPS (employee pension scheme) and the rest to EPF. While withdrawing from EPFO on account of any reason, subscribers often withdraw all their savings, including the pension amount. This, according to the government, defeats the purpose of retirement pension benefit provisions.

"Under EPFO, the PF and pension schemes must have two separate accounts. While there should be no problem in withdrawing the PF corpus when required as per law, the pension account should be ideally kept untouched. This will increase pension earnings and offer better social security coverage," said one of the two officials who declined to be named. The official said the matter was discussed at an EPFO board meeting earlier this year after an internal government panel advised the separation of EPF and EPS accounts.

The official said if due to any reason a subscriber dips into the pension corpus, "the pension account can show a commuted value", meaning the post-retirement pension amount may come down. To discourage premature withdrawals, post the pension reforms, if a subscriber decides to break their pension fund, they may lose some incentives.

"Currently, EPFO subscribers are in a pool account system. What is needed is a separate account for EPF and pension. People are demanding more pension and, for that, separation is the best solution. Once they are separated, a subscriber can contribute more to pension and become eligible to get more pension post-retirement. As the covid-19 second wave is subsiding, you will see more action on this front," said Virjesh Upadhyay, a central board member of EPFO.

According to the draft plan, the Employee Pension Scheme "should move towards a defined contribution system, wherein each individual scheme member is allotted an individual pension account, and the benefits admissible to the member are linked to the contribution received in the said individual pension account."

Upadhyay, a former pension panel member of the EPFO, said there is a possibility of two separate schemes—one for those earning below the salary cap of ₹15,000 per month and another for all those subscribers who are earning more. The government currently contributes 1.16% to the pension kitty of every PF member earning a monthly salary of less than ₹15,000 as part of the employees' pension scheme of EPFO.

“This subsidy for poor and low paid subscribers should continue. But, overall, there should be a mechanism to stop employees from withdrawing pension money prematurely, and for that, there is a need for checks and balances," said Upadhyay.

“Once issues are ironed out, and EPFO central board approves it, it will be announced. The reformed scheme for new employees is expected to be based on individual pension accounts and shall incentivize continuous and long-term membership of the pension schemes. For members who join early and continue membership till the age of superannuation, the pension shall be accordingly much higher than for those who join at a later age," the second official with knowledge of the development said.

(The writer is Prashant K. Nanda.)

TOP

IRDAI CIRCULARS

Title	*Reference*
List of insurance web aggregators (as on 20th June 2021)	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo2337&flag=1

TOP

GLOBAL NEWS

Thailand: Non-life insurance market predicted to grow by up to 5% this year – Asia Insurance Review

Overall insurance premiums to be generated in the Thai non-life insurance market are forecast to be THB253bn ($8bn) to THB265bn, representing growth of 0.0%-5.0% over last year, according to the Thai General Insurance Association (TGIA). Mr Anon Vangvasu, TGIA president, indicates that growth is expected to be driven by health insurance, particularly policies covering COVID-19.

In the first five months of this year, more than THB3.5bn in insurance premiums were collected from 9m COVID-19 related insurance policies, according to a report on the news website Prachachat.net. In addition, the export and import sectors have improved, a trend that is expected to continue if the COVID-19 pandemic does not hit large industrial plants.

On the other hand, new car sales are expected to decline this year which will dent motor insurance business. There are also fewer new home purchases and this will affect the fire insurance business. At the same time, the tourism sector has suffered from the lack of tourists, a situation which could affect SMEs and consequently, credit insurance.

On a brighter note, the overall insurance market in Thailand raked in premium income of THB65.8bn in the first quarter of 2021, an increase of 2.4% compared to the corresponding period last year. Fire premiums rose by 4.4% to THB2.5bn in 1Q2021 and motor insurance business posted a premium income of THB38.2bn, representing growth of 2.5% over the corresponding quarter last year.

TOP

Taiwan: 8% of consumers say they have adequate insurance protection - Asia Insurance Review

Only 8% of Taiwanese consumers believe that they have adequate insurance protection, a proportion which is half that of the average in Asia, despite the fact that Taiwan has the highest insurance penetration rate globally, according to the findings of a survey released by insurer BNP Paribas Cardiff. In its "2021 Global Protection Insurance Consumer Survey Report", 80% of Taiwanese people say that they are worried about being unable to repay their loans due to major illnesses, and 86% of them are most worried about suddenly contracting an illness. These findings highlight the strong demand for protection products in Taiwan, especially in the wake of the COVID-19 pandemic. Other key findings of the survey include:

- 83% of Taiwanese respondents are concerned about insurance protection for medical care and critical illness;
- Taiwanese respondents believe that protection needs to be strengthened for permanent disability, critical illness, and hospitalisation;
- More than 60% of Taiwanese respondents have heard of creditor insurance, but the actual insurance coverage rate is 20%.

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Pakistan: SECP issues draft regulatory framework for online-only insurers - Asia Insurance Review

The Securities and Exchange Commission of Pakistan (SECP) has introduced a proposal for a registration regime for digital-only insurers and dedicated micro insurers. The regulator says in a statement that the objective of the proposed framework is to encourage innovation, improve competition, widen product range, and enhance financial inclusion, while aiding in reducing entry barriers through lenient regulatory requirements, in terms of the minimum paid-up capital and solvency regime.

Public feedback is being sought for the draft framework, proposed through amendments in Insurance Rules, 2017. The draft sets out the registration requirements for entities that wish to operate online business only, and for entities wanting to transact small ticket size insurance i.e. micro insurance. In addition, the draft stipulates requirements relating to business operations such as technological capacity, allowable classes of business, requirements to start pilot operations before a full-scale launch, cyber security, and product filing requirements, fair treatment of customers, among others. This initiative, based on global developments concerning insurers operating on a digital-only basis, will be complemented by recent developments in payment systems. Moreover, the new framework does not prohibit existing entities to underwrite micro insurance or distribute insurance through digital means.

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