भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

INSUNEWS

Weekly e-Newsletter

17th – 23rd August 2019

Issue No. 2019/34

QUOTE OF THE WEEK

"There are no secrets to success. It is the result of preparation, hard work, and learning from failure."

Colin Powell

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Insurance ombudsman

The institution of insurance ombudsman was created by the Government of India for speedy disposal of policyholders' grievances. These complaints can relate to any grievance against the insurer, including premiums paid or payable, dispute on the legal construction of the policies, non-issuance of insurance document and delay in settlement of claims.

If a policyholder wants to file a complaint against any insurer, he/she must send a written complaint along with supporting documents to the insurance ombudsman. The ombudsman has to be within the territorial jurisdiction of the branch or the office of the insurer against whom the complaint is being made. The address, e-mail and phone number of the ombudsman can be found in IRDAI's website.

The ombudsman doesn't charge any fees and the policyholder shouldn't have approached any other forum or court for the same issue.

The complaint has to be filed within a year from the date of rejection or repudiation of claim by the insurer.

The ombudsman shall pass award (final judgment) within three months of receiving all requirements from the policyholder.

The insurer will have to comply with the award within 30 days of the receipt of the award.

Source

INSURANCE INDUSTRY

Flexible insurance products all set to be the game changers – Outlook – 21st August 2019

Millennials, also known as Generation Y, currently make up around 34 per cent of the Indian population i.e., roughly 440 million individuals, according to a Deloitte report. Born in the epoch of technological advancement, this generation is characterized by a high disposable income and tech-savviness. As opposed to previous generations that believed in ownership, millennials are moving away from buying homes and owning vehicles. Renting and sharing are widely preferred. According to a poll conducted by The Entrepreneur in 2017, 47% of millennials said that they would prefer renting if that meant they could afford small luxuries like eating out and enjoying the movies every once in a while. A glance at social media is telling of the millennial collect moments, not things approach to life.

Generation Y is a generation consumed by wanderlust; a desire that has found its business model in home-sharing. Couchsurfing and co-living are increasingly popular trends, allowing millennials to drift away from the typical hotel experience and feel at home as they indulge in their favourite pastime – travel. Additionally, such services appeal to the millennials' frugal tastes. By the same token, car ownership among millennials is also witnessing a decline and ride-sharing services such as Uber are gaining acceptance. Millennials worldwide are questioning the need for owning a vehicle. The reason is

as much the concept of ownership as it is economics. Car-pooling and ride sharing are comparatively cheaper than owning and maintaining a personal vehicle. Moreover, millennials are tech-savvy and more importantly, tech-dependent; the natural sequel is absolute faith in the power of digital solutions.

In India, millennials account for nearly half the working-age populace, naturally driving its consumer market. With easily accessible information, millennials today are more health-conscious than any other generation. The effect of their lifestyle and preferences is reflected in the insurance industry. According to a 2019 study by Max Life, only one in five Indian millennials have a proper term insurance. Survey after survey has revealed that millennials prefer financial products with a low-ticket size, that are easy to understand and aligned to their lifestyle choices. This is why small-ticket lifestyle insurance is finding huge traction among millennials. Ola has come up with an insurance policy that covers losses that may occur during cab rides. For a premium as low as Re. 1 per ride, coverage of up to Rs. 5 lakh can be availed.

From traditional firms to new-age insurance start ups, insurance firms are offering innovative and context-based products that offer cover from an hour to a year at prices as low as Rs. 10 to Rs. 499. Car rental insurance on an hourly basis, laptop insurance and mobile insurance are a few examples of bite-size insurance products that are becoming popular. Besides these, the new-age firms also offer coverage against ligament tears and minor fractures and also no-frills insurance cover that provides protection against mammogram/Pap smear.

Well, from renter's insurance to a monsoon health cover to even insuring a bicycle or a backpack, today's millennials have a lot of insurance products to choose from that offer the flexibility they desire and cover their lifestyle needs.

(The writer is Nimit Bavishi.)

TOP

Source

India's deposit insurance cover remains the lowest globally - The Hindu Business Line – 21st August 2019

The continued weak performance of banks has brought the focus back on the appallingly low deposit insurance cover in India. The 2018 annual survey by the International Association of Deposit Insurers (IADI) highlights the gnawing issue of low deposit cover in India vis-a-vis other countries.

In India, bank deposits are insured by the Deposit Insurance and Credit Guarantee Corporation of India (DICGC) for up to Rs 1 lakh. This works out to about $1,394 (at the current conversion rate of Rs 71.7 to a dollar). This is far lower than the cover available in other countries, according to an IADI 2018 survey. In Malaysia, for instance, deposit insurance cover is about $59,808 (up to 2, 50,000 in Malaysian Ringgit). Indonesia has a deposit insurance cover of $1, 40,173 (2 billion Indonesian Rupiah), Brazil at $61,576 (2,50,000 Brazilian Real), and Mexico at about $1,20,000 (2,373,820 Mexican peso).

In countries such as Canada, Switzerland, and France — the insurance cover is about $75,000 to $1,11,000 per depositor. In the US, the Federal Deposit Insurance Corporation offers insurance coverage of $250,000. Most of these countries cover 60-70 per cent of total deposits. In India, only about 30 per cent of deposits in value terms are covered.

Grossly inadequate

Deposit insurance in India covers all commercial banks, local area banks, regional rural banks and co-operative banks. Each depositor is insured up to Rs 1 lakh for both principal and interest. The deposits kept in different branches of a bank are aggregated for the purpose of insurance cover.

Coverage under the DICGC was last raised in 1993 from Rs 30,000 to Rs 1 lakh. Applying the inflation rate (consumer price index as put out by RBI) since 1993, the deposit insurance cover should be around Rs 5.5 lakh, currently.

A key roadblock in increasing cover has been the resultant increase in premium, which is currently borne by banks and not the depositors. The DICGC currently charges a maximum premium of up to 10 paise per Rs 100 per annum. Hence larger banks with higher deposit base would end up bearing the burden of a higher premium. Moreover, beneficiaries of the deposit insurance system, up until now, have mainly been urban cooperative banks. During 2017-18, DICGC settled claims for Rs 43 crore in respect of 18 co-operative banks. There was no claim from commercial banks. The last claim settled in respect of a commercial bank was way back in 2002.

Hence raising deposit cover, would imply stronger banks coughing up more premium, mostly for the benefit of weaker banks, which is a cause for worry.

To overcome some of these issues, a committee headed by Jasbir Singh had, in 2015, made recommendations for the introduction of risk-based premium for banks (higher the risk, higher the premium). Four years on, there has been little progress on this front.

No failure yet

Despite the abysmally low cover, what has offered depositors' comfort is the fact that no commercial bank has failed in India, over the last so many decades. Between 1913 and 1955 almost 1,489 banks failed. Even after Independence banks continued to fail — Palai Central Bank being a case in point. Subsequently, the RBI was granted powers in the early 1960s for consolidation, compulsory amalgamation and liquidation of small banks. Since then, over 40 forced mergers have taken place in India — Punjab National Bank taking over Nedungadi Bank and the forced merger of Global Trust Bank with Orient Bank of Commerce — are the well-known ones in the early 2000s.

The recent amalgamation of Bank of Baroda, Dena Bank and Vijaya Bank, was also done to subsume the weaker Dena Bank. LIC also stepped in to bail out capital-starved IDBI Bank.

But such fall-back measures and the tacit support from the Centre should not prevent it from strengthening the deposit insurance system in India.

(The writer is Radhika Merwin.)

TOP

Source

Digital disruption is reshaping the insurance sector – Outlook – 19th August 2019

Technology is reshaping industries drastically and the insurance sector is no exception. Artificial Intelligence (AI) will play a major role in providing business insights said **GoutamDatta, Chief Information and Digital Officer, Bajaj Allianz Life Insurance** *in a conversation with* **Himali Patel**

1. How technology has had a profound impact on the insurance industry?

Digital transformation is now a mantra for each organisation, irrespective of the industry it operates in. Within insurance and more specifically within life insurance, the story is no different. With insurance transitioning from a push product to a pull product,

technology innovations in business and claims processing, sales and customer service are the need of the hour. The use of Artificial Intelligence (AI), cognitive and experiential technologies have not only changed the way customers purchase insurance, but has also transformed the way insurers assess risk, manage the purchase process, provide policy services and settle claims.

2. What opportunities do you think the new-age technologies will bring to the insurance industry?
The increasing use of new-age digital technologies like Big Data, Artificial Intelligence, Machine Learning and Analytics is leaving insurers with a huge amount of data about customers and their behaviour. Behavioural analytics can help insurers understand the lifestyle habits, preferences and behavioural trends of individuals. This can help insurers create need-based insurance products and services that make customers' life easy.

Furthermore, with the help of data and analytics, insurers can underwrite and price policies better as well as detect fraud cases, if any. As the industry is becoming more and more data-driven, I believe the adaption of new-age technologies will become imperative in adding value for businesses and all its stakeholders.

3. How AI will shape the future of insurance industry over the next 10 years?
Artificial intelligence (AI) has become more about today and now, and less about someday in future. Today, insurers are using AI-powered chatbots to help customers and other stakeholders solve their queries instantly, without losing the customisation provided by a human intervention. Chatbots are also being used to detect fraudulent claims and automate business processing tasks. All this at a lesser cost and improved operational efficiencies.

In the coming years, I believe AI will play a major role in providing business insights with the use of advanced algorithms. By leveraging AI, companies can identify the needs and behaviour patterns of consumers, and accordingly deliver customised products and services that will meet the customers' needs and enable more efficient and personalised experience for the customer.

4. Buying insurance policies online is steadily growing. Do you think customers prefer buying insurance policies online, rather than offline?
Life insurance products have been primarily bought from intermediaries such as individual agents, bank partners or insurance brokers, and this trend will continue for a while. However, with technological transformations, and the proliferation of the digital space, we have seen online channels pick up pace as well.

The online channels enable customers to directly connect with an insurance company, make comparisons between similar products and then choose the product that is best suited for their goals, all on their fingertips. Further, the digitisation of documentation and verification processes are also enabling customers purchase insurance policies quickly and at ease, which is giving impetus to the online purchase of life insurance policies. Insurers are also using chatbots to handhold the customer in their online journey and provide them a seamless service experience at all stages.

(The writer is Himali Patel.)

TOP

Source

Insurer must pay for keeping terms & conditions a secret – DNA – 19th August 2019

The National Consumer Dispute Redressal Commission (NCDRC) dismissed a revision petition filed by an insurance company challenging an order of the state forum, which had asked it to pay an insured Rs 9 lakh towards the theft of his truck.

PratapRathod, a resident of Rajkot had insured his truck with the Oriental Insurance Company. On February 26, 2010,

the insured truck was stolen and the insurance company was informed about the incident the next day. Rathod also went to the police to file an FIR but the cops asked him to wait for few days and eventually, registered the FIR on March 3, 2010.

The insurance company rejected his claim for breach of terms and conditions (including delay in filing FIR). The complainant challenged the rejection on the ground that he was kept in the dark about such terms and conditions. Rejection of claim on the grounds of violation of terms and condition, that he was not provided with in the first place, amounted to deficiency of service, he said.

The insurance company, while filing the revision petition said, Rathod was informed about the terms and conditions as is clear from the policy document. It further argued that the respondent never asked for a copy.

Rathod's lawyer pointed out that even in its arguments, nowhere did the company state that it had supplied the complainant a copy of the terms and conditions along with the policy.

He further argued that the policy itself consisted of only three pages and makes no mention of terms and conditions. Therefore, there was no reason for the respondent to be aware of the existence of such terms and conditions, and thus, had no reason to demand a copy of the same.

The commission, while dismissing the petition, observed that the company could not provide any proof that it had supplied the complainant a copy of the terms and conditions.

It also agreed with the Rathod's contention that the policy document also doesn't make any reference to any terms and conditions. It thus said the burden was on the insurance company to prove that the copy of the terms and conditions were duly supplied to the respondent.

(The writer is Smitha R.)

TOP

Source

Getting insured at mom-and-pop stores can help – Mint – 18th August 2018

The Indian insurance industry is the 15th-largest in the world in terms of premium volume, along with written gross premiums of $94.48 billion in FY18. With growing awareness and innovation, along with opted distribution channels, the industry is bound to see its ascent by 2020. According to a recent PWC report, around 55% of customers prioritize buying an insurance first-hand, through brokers and agents.

However, a downfall of customer touchpoints via traditional methods reflects the need for innovation in the insurance industry. To resolve the issue and to introduce new-day advancements, the insurtech industry is actively working to meet the changing needs of customers. Shortly, customers will find neighbourhood stores in every corner of the country offering insurance policies. New regulations from the Insurance Regulatory and Development Authority of India (Irdai), as well as new products and startups in the insurance space, are helping insurance penetrate markets that are untouched as yet. Three concepts are propelling this: simpler policies and processes, the right product at the right price, and a great degree of trust and familiarity with local merchants. Given that the penetration of insurance is low in India, these measures can bring a powerful tool of risk management to the uninsured population.

Simple policies, simple process

For the Indian consumer, the current offering doesn't have context, which is why it is such a hard sell. "Why do I need this", "I don't have major health risks", and "This doesn't affect me" are the first thoughts.

However, there are specific risks. And it is especially important that this under-served independent group begins to think about financial stability and wealth creation.

Simple insurance policies make sense and introduce people to financial planning without neglecting their income and lifestyle requirements. When policies are relatively straightforward, for example, a mobile screen damage policy, there isn't too much hand-holding required—no optional additions, no complex exclusions, no arcane terminology has to be explained. In which case, a neighbourhood dealer selling mobile phones can offer the policy along with the phone.

In this case, buying a policy is just like buying a physical case to protect your phone and will cost about the same amount too. For a busy shopkeeper handling two to three customers at a time, a self-explanatory policy that is easy to purchase (no lengthy forms, for example) is non-negotiable.

Right product at the right price

Demand for financial security and savings will rapidly increase and with the level of insurance adoption today, it will become imperative to honour consumer demand for solutions that are accessible, affordable and relevant. For a customer in a bicycle shop who is about to pay for the bike, it often comes as a pleasant surprise that he or she can also buy insurance as a protection against theft and damage of the cycle. Similarly, it would be convenient to be reminded to buy home insurance when taking out a credit card to make a big payment on appliances or furniture. Offering insurance at the relevant shop is a helpful reminder at the right time and place to get covered at a small fraction of the cost of the product.

Trust and familiarity

Insurance has an unfortunate reputation of putting numerous hurdles and hassles that slow the claims process. Having a familiar face to deal with at the time of claims can make all the difference. The shopkeepers turn into micro-influencers who present the policy packaged with the product, which not only gets immediate attention of the customer but also makes buying policy more relevant for them. For several products such as eyeglass repair insurance, the shopkeeper is equipped to file the claim and deal directly with the insurer to get reimbursed. The customer has to simply bring the broken product to the dealer and pick it up when it's ready.

In many ways, like with bicycle, backpack and mobile insurance, insurtech startups can provide a scaffolding of sorts to give the population a taste of what insurance can be at its best.

(The writer is Rohan Kumar.)

TOP

Source

How Insurance advisors shifting focus and improving services – Elets – 18th August 2019

The insurance distribution landscape in India is undergoing a sea change. The role of insurance agents has advanced from selling products to advising customers and improving services.

Today, the job of an insurance agent, also sometimes known as a Point-of-sales Person (PoSP), is no longer restricted to selling policies. Now, it is more about offering value to customers with investment advisory and helping them pick policies best suited to their needs. The Insurance Regulatory and Development Authority of India (IRDAI) guidelines allow a PoSP agent to work with brokers and enable them to provide solution from any company basis customer needs.

In 2015, the IRDA introduced a distribution model to support the growth of distributors in the insurance industry. The distributor or a PoSP is engaged either by insurers or intermediaries such as corporate agents or insurance brokers for the last mile.

Traditionally, the prime motive of agents has been to make a sale and gain commission. Now, the focus is shifting from commission making to offering customers real value in the form of helpful advice and educating them on various options that would enable them to make the right purchase decision. And they have good reason to do so! Customers today want advisors who can offer them personal attention and provide them the confidence that they are making the right insurance decisions. This means PoSPs must truly understand the needs of the customer and recommend policies that will best suit their needs. It wouldn't be wrong to say that the times of aggressive product selling are behind us.

These days, consumers have access to a wealth of data on policies and insurance providers on the internet. They have different platforms and options to choose from. Therefore, what customers need is a trusted advisor who would help them in zeroing in on insurance products from various options. This has resulted in tremendous opportunities for PoSP to share their knowledge with customers, offer genuine help and become their go-to person for insurance policies.

Insurance companies are now strengthening their tech platform and working on developing their service support to make the lives of PoSPs easier and serve the customer better. Technology has played a massive role in transforming the insurance industry and the role of advisors in particular. The rise of online platforms is ushering in this change, by making information available to both, agents and consumers. Agents then, have an opportunity to focus on areas where they actually add value i.e. advising and not merely selling.

In the future, technology will strengthen its grip on the industry, offering more information, personalized services, and a barrage of data to different stakeholders. This means that agents will have to offer a viable solution, and not just sell a product.

TOP

Source

From insurance to retirement - How government schemes can help – Mint – 17th August 2019

It was not the first time that we were lending money to our domestic help but that evening is etched in my memory. Our maid's 15-year-old son was suffering from a fever for more than two weeks, and she needed money to move to him to a private hospital. After lending the money, I checked her awareness on government insurance programs she could avail. To my surprise, she had no clue. I went through all affordable options and created a list of plans that every domestic help should have.

Start with bank account

Most benefit schemes now remit money directly to the beneficiaries' bank accounts. In case your help does not already have a bank account, you can take the help of your bank relationship manager to open one under the Pradhan Mantri Jan Dhan Yojana. With this, they get a life insurance of ₹30,000 and accidental insurance cover of ₹1 lakh. Next, you need to ensure they have registered under UIDAI and have an Aadhaar Card.

Term life insurance

The death of a breadwinner can simply result in their kids dropping out of school and being put to work. A term life insurance with a small cover can mean a lot to the dependent family members. To help them cover their life with an insurance plan, you can encourage them to enrol under the Pradhan Mantri

Jeevan JyotiBima Yojana (PMJJBY), which costs₹330 a year and provides a cover of ₹2 lakh to individuals in the age group of 18 to 50 years. The premium is payable through the auto-debit facility in one installment only through the bank account. Unfortunately the retail term insurance in its existing form can be bought by a restricted list of organised workers or businessmen who have proof of income above ₹2 lakh a year.

Accident insurance

In all likelihood, your help uses public transport. You must ensure you cover your help and/or employees with a comprehensive personal accident insurance policy that covers death and disability for ₹5 lakh will cost just ₹750 per year. You can additionally rely on the ₹12-a-year premium Pradhan Mantri Suraksha Bima Yojana (PMSBY) scheme, which provides covers ranging from ₹1lakh- ₹2 lakh.

Health insurance

Domestic help is usually exposed to higher health risks from infectious diseases and accidents. A report in the British Medical Journal in 2018 suggests that close to 5.50 crore Indians are pushed into poverty every year only due to healthcare spending. It is recommended that you keep a tab on the health of your help and their family; and ensure they are enrolled into various state- and central-government sponsored healthcare programs. The Pradhan Mantri Jan Arogya Yojana is applicable for families of unorganised workers in urban areas as per SECC data. This benefit is not based on enrolment but entitlement. You simply need to check eligibility of your help.

Retirement planning

To assistant your help in becoming self-reliant, introduce the discipline of investing and long-term compounding. You can initiate them into investing into recurring deposit accounts and if they are fairly young, into long term equity. Additionally, both husband and wife can be encouraged to enrol into the government's pension program for unorganised workers, through the Prime Minister Shram Yogi Mandhan Pension Yojana (PM-SYM). For instance, if the wife pays ₹200 from the age of 40 to 60, she will be paid ₹3,000 pension every year from the age of 60. We must do our bit by helping them live a better financial life. A little bit of education and hand-holding can go a long way in ensuring they and their families are secured during tough times.

(The writer is Mahavir Chopra.)

TOP

Source

INSURANCE REGULATION

IRDAI eyes uninsured cars to beat industry slowdown – The Times of India – 23rd August 2019

The Insurance Regulatory and Development Authority of India (IRDAI) has said that the domestic insurance industry should not allow growth to slip below 15% despite the global slowdown. IRDAI chairman SubhashKhuntia asked non-life insurers to counter the auto slowdown by targeting uninsured vehicles and reaching out to new markets. Motor insurance accounts for a third of non-life premium.

Khuntia said that IRDAI was working with four states to identify uninsured motor vehicles using insurance databases. He said that the higher penalties in the amended Motor Vehicles Act would benefit insurers as better compliance

would mean fewer motor claims. "This will ultimately result in cheaper motor insurance," he said. He was delivering the inaugural speech at the 21st Insurance and Pensions Summit organised by the Confederation of Indian Industry (CII).

"Last year, the life insurance segment had grown by 11%, general insurance segment by 12% and health segment by 20%, while standalone health insurers had grown by 37%," Khuntia added.

While health insurance had high potential, Khuntia cautioned against rising medical inflation. "Health inflation is worrying as it is much higher than general inflation. Insurers need to work with health providers. While there should be reasonable profits, the goal should not be profit maximization," said Khuntia. He also raised the likelihood of health insurance creating a moral hazard where the insured do not adopt a prudential lifestyle. He said that this could be countered by introducing co-pay features and deductibles in health insurance. He said that insurers could ensure wellness by encouraging wearables and pricing according to behaviour.

Earlier, speaking at the event, CII national committee on insurance and pensions' chairman Sanjiv Bajaj said that there is a need for broadening of investment opportunities by life insurers who are powerful engines of economic growth and social security. He called for reintroduction of Aadhaar-based KYC so that customers can be paid claims seamlessly.

Bajaj said that the industry's capital position had improved in FY19 with 18 life companies and 17 non-life companies reporting profits. "Life companies have Rs 29,000 crore of excess capital, while for non-life companies it is Rs 8,000 crore," said Bajaj. He added that this was not because of excess profits but because profits were being ploughed back.

TOP

Source

LIFE INSURANCE

Pick the right plan for life insurance – Mail Today – 22nd August 2019

OF LATE, LIFE insurance has emerged as a core component of any financial portfolio. On the face of it, the whole thing is simple enough – buying a life cover makes one feel secure as the family will have adequate financial support in case anything happens to the breadwinner. However, individual requirements are widely different and no standard product can serve everybody.

Do it right

When zeroing in on life insurance, focus on two vital parameters – coverage and tenure – followed by cost and claim settlement records. Coverage is all about a healthy sum assured along with useful riders based on needs analysis. There are several ways to calculate insurance needs, including HLV (human life value) and income replacement method. The thumb rule is to have a life insurance cover that is at least 10-15 times your annual income. For example, if your yearly income is `10 lakh, your cover should be at least `1 crore. In case you have an outstanding loan, an additional cover should also be taken to secure it. Simply put, your life insurance should encompass all financial goals and liabilities at any point in time.

The policy tenure should be decided based on the years required to reach your goals. If your goal is your child's marriage 30 years from now, the term should be 30 years. "Life insurance should be purchased to cover loans, ensure expense protection for dependent family or meet financial goals. The tenure should

be until you reach the above points," says Lovaii Navlakhi, Managing Director and CEO of Bengaluru-based wealth management firm International Money Matters.

Stay covered, always
Goals and liabilities keep on changing over the years. Here are three ways to stay on course.

Buy at an early age: Term plans are least expensive when you are young as claim risks are much lower at this phase. If your current requirement is `1 crore, but you need to double it soon as you are planning to marry, have a child and buy a house in the next five years, you may opt for a higher cover. However, you may not get as much as required as insurers have specific eligibility criteria.

Opt for life-stage protection: This is an innovative solution wherein a person buying life insurance can increase the sum assured up to a certain percentage of the existing cover to meet various life- stage needs (marriage, childbirth, purchase of property and so on). For this, you have to pay an additional premium to the insurer, but need not undergo any medical test or underwriting process when the cover is added.

Add term plans when needed: This is the most flexible option as you can buy a term plan whenever you want it, decide on the amount (provided you meet the eligibility criteria) and buy it from the insurer of your choice.

Opt for easy payment
Most insurers offer a wide range of options, including one-time, annual, half yearly, quarterly and monthly payments. To provide more flexibility, insurance companies have also introduced a limited payment option where one pays the premium for a shorter span and enjoys the benefit of a term insurance cover for a longer period. For instance, you can opt for a five- year a 10- year payment period for a policy term of 40 years, depending on estimated cash flows.

The latest in this space is the pay until- you-retire option that allows a policyholder to pay as long as she is working while the policy remains active even after retirement. It is ideal for those who want to retire early and do not want to pay any premium in the later years. The caveat: You cannot discontinue the policy as you have already paid for it.

Choose suitable option
Several payout options are available in case of an untimely death. The nominee/s of the insured can get an immediate one-time payment or a staggered payout in the form of a fixed/increasing monthly sum for a fixed period besides an initial lump sum payout. A one-time payout offers the flexibility to spend the entire amount as per the family's requirements. "This may be suitable for beneficiaries who are aware of how and where to invest the proceeds," says Manish Sangal, Chief Distribution Officer, Retail, at Bajaj Allianz Life Insurance.

In case one's nominees are not well equipped to handle a huge sum, a staggered payout should help. "If families are not comfortable with handling a large sum, earning individuals may select a regular payout option with a 10 per cent annual increase. This will replicate the monthly income and help nominees get on with their lives," says Madhu Burugupalli, Head of Products at ICICI Prudential Life Insurance.

"While lump sum payout means a large sum of money inthe family's hand, the onus of managing that money stays with them," says Subhrajit Mukhopadhyay, Chief and Appointed Actuary of Edelweiss Tokio Life Insurance.

Riders for needs
A rider is an add-on cover that can be purchased with your base policy to deal with certain risks. "A term plan is primarily intended to cover the risk of early death. So, it acts as an income replacement tool and supports the family in the absence of a breadwinner," says Vineet Arora, MD and CEO of Aegon Life. However, if you have an accident and are not in a position to earn, term insurance will be of no help, and disability riders will come to your rescue. These riders usually provide a monthly payment for a specific period to compensate for the loss of income.

On the other hand, accidental death riders pay a lump sum in case a tragedy strikes. Insurers also offer critical illness riders where a lump sum is paid upon the detection of a serious medical condition. Finally, a rider ensuring waiver of premium takes care of all future premiums.

Overall, a rider is easy to manage as the premium is paid together with the base policy. Riders are also cost effective as the premium does not increase during the policy tenure. However, it is the risk coverage that matters, and given their low cost, the riders available may not be providing comprehensive coverage compared to standalone plans. Therefore, you need to compare those to see the scope of coverage.

(The writer is Renu Yadav.)

TOP

Source

Should you opt for Guaranteed Annual Payouts in a life insurance policy? – Financial Express – 21st August 2019

After the death of the policyholder, no premium will have to be paid, and as agreed upon while buying the policy, the guaranteed annual payouts will be provided at the specific points in the policy term.

Maintaining financial stability nowadays has become quite difficult. To provide financial stability to people, insurance companies keep innovating their existing products and also come up with different variants. For instance, guaranteed income plans, especially for risk-averse investors, offer life insurance along with maturity benefits and regular guaranteed payouts. These plans provide regular income, at a pre-defined percentage of sum assured which the policyholder needs to select at the time of buying the policy. Policyholders can choose to receive the income either yearly, half-yearly, quarterly or monthly.

Earlier this year, IDBI Federal Life Insurance launched its Young Star Advantage Plan, a traditional life insurance plan, designed to help policyholder secure their child's future. This plan ensures that the future financial needs of the child are fulfilled, in case anything unfortunate happens to the parents or the bread-earner of the family. To help with the essential financial needs in the child's life, the plan offers guaranteed annual payouts. Wherein the plan will pay a lump-sum amount to the nominee on the death of the policyholder. These guaranteed payouts will be at specific points of the policy term.

The guaranteed additions accrue over a period of time and are paid at the time of maturity. The maturity benefits are paid based on the duration chosen by the policyholder. The death benefit is provided to the nominee of the policy on the death of the policyholder. Additionally, after the death of the policyholder, no premium will have to be paid, and as agreed upon while buying the policy, the guaranteed annual payouts will be provided at the specific points in the policy term.

Need for Guaranteed Payouts

In the case of guaranteed annual payouts, the return benefits are payable at the end of every year. At the time of maturity, along with terminal bonus, the policyholder is provided with a reversionary bonus. Depending on the term that the policyholder has chosen for the policy at the time of buying the policy, the payout benefits are payable at the end of every year, which is generally in the last 3 or 5 years of the policy.

The policy holder's family will be provided with the death benefit to fulfill their future financial needs in the case of the unfortunate death of the policyholder. As the death benefit, during the premium paying term, the nominee is paid the basic sum assured along with bonuses if any. For as long as mentioned in the policy the payouts are carried. However, the nominee will receive the sum assured and other benefits along with the lump sum of payout left in the insured's account, in case of death after the premium paying

period. Also, no future premiums need to be paid by the policyholder's family, while the policy still continues with all the planned benefits. Guaranteed additions are paid at the time of maturity, that is accrued to the policy, which the nominee gets along with eligible bonuses on the scheduled dates.

Note that generally, long-term guaranteed products offer conservative returns. Hence, experts suggest one should keep in mind and factor in inflation with the value of one's investment, before opting for such a plan, so as not to bring home a lower return. Along with income tax deduction under Section 80(C) available every year, tax exemption under Section 10(10D) is available on the maturity proceeds.

(The writer is Priyadarshini Maji.)

TOP

Source

How to get a loan against a life insurance policy? - Financial Express – 19th august 2019

Life Insurance not only provides you with life cover, but it also acts as a financial instrument to build a corpus. The benefits don't end just there; many life insurance policies also help the policyholder to avail a loan. Life insurance companies are making life insurance policies a more flexible financial investment option. Opting a loan against a life insurance policy is also known as pledging, where loan can be issued by the insurance companies itself, or any other financial institutions.

Let's understand the benefits of opting loan against a life insurance policy.

Benefits of choosing life insurance to get a loan

Provide Security – Act as collateral. No need to provide any other assets as collateral
Instant Approval – You get an instant approval for a loan on the surrender value of the policy
Lower Interest Rates – The interest rates are comparatively lower than a personal loan
Value Stays Constant – The policy value does not change over time nor with the market, unlike in the case of loan against gold
Tax Benefits – Since the loan amount is not recognized as income by the Income Tax authorities, it is tax exempted

Let's see how to avail a loan against their life insurance policy.

Eligibility of Life Insurance Policy

There are various types of life insurance policies, such as Term Life, ULIP, Endowment, Whole Life, Money Back, etc. But not all life insurance policies qualify to avail a loan. For instance, Term Life plans are not qualified to get a loan against the policy as it does not accumulate cash value or surrender value.

In case of another type of policies, one has to ensure and verify that the policy is eligible. If your life insurance policy is eligible, then you can avail loans provided you have paid regular premiums for at least three years. However, some companies may have a criterion of 6 months paid premium instead of 3 years before you can avail a loan.

Loan Amount on Life Insurance

The policyholder doesn't have to undergo intense scrutiny for loan approval. Because the loan amount is 80-90% of the surrender value in the plans having guaranteed returns. In case of ULIPs, not all ULIPs qualify for loan facilities. However, in the case where they are approved, then the loan amount is the current value of the corpus.

On loan approval, the policy is transferred to the lender; and after the policy transfer, the loan is sanctioned to the borrower. One needs to keep in mind that, in a case where the interest due on loan exceeds the surrender value, there is a risk of losing insurance cover.

Interest Charged
The interest rate charged is depended on the paid premium and the number of premiums that have been paid. Higher the premiums paid and the number of premiums, the lower is the charged interest rate.

Required Documents
First and foremost, the policyholder would have to contact the insurance company for eligibility, approval, process, and documentation. And since the life insurance policy would act as collateral until the loan is paid back, the policyholder would have to sign a deed of assignment declaring the policy and its benefits being transferred to the lender during the loan policy term.

Policy Premiums
The policyholder needs to understand even though the policy is transferred in the name of the lender and so, the benefits, policyholders still need to continue paying premiums. In case the policyholder discontinues to pay, insurers may terminate the policy. Moreover, the loan amount should be repaid during the policy tenure. If the principal amount is not paid during the tenure, the same will be deducted from the cover amount.

In case the policyholder dies while the policy is still active, the pending loan amount will be deducted from the sum assured at the time of claim filed by the nominee. And the amount left after deduction will be the only amount paid to the nominee.

Before you choose
The policyholder should understand that life insurance is primarily meant for providing financial security to their dependents in case of his or her untimely death. Also, once the loan is taken against the policy, the nominee won't be the sole beneficiary in case of policyholder's premature or untimely death. Thus, opt for a loan against life insurance only if urgently required and where other options are not available.

(The writer is Rakesh Goyal.)

TOP

Source

Your guide to buy life insurance cover – Hindustan Times – 19th August 2019

Even before you venture to buy a life insurance cover, know whether you need it. The purpose of a life insurance cover is to safeguard your dependent's financial needs when you are not around. Hence, if you have dependents such as spouse, children and parents, you should have a life insurance cover. In case no one is dependent on your income, you don't need a life insurance cover.

Now if you have established that you need a life cover, you must know that in the market there are at least four types of life insurance policies—term plan, unit-linked insurance plan (Ulip), traditional insurance policy and pension plan. From these broader set of covers, how do you decide to buy the one that works for you? To understand which plan works for you, let's deep dive into each of these life insurance products:

Term plan
In a term plan, the money that you pay as an insurance premium is used to buy only an insurance cover. After the term of the policy expires you don't get your money back. The good thing about a term plan is that you get a bigger sum assured for a smaller premium. For instance, a 30-year old can get ₹1 crore cover for Rs 7,800 annual premium. "Term plan is the first financial asset you should own," said Karthik Raman, head of products, IDBI Federal Life Insurance Co. Ltd. This is a pure protect cover and is the cheapest option to get a cover.

How to choose the right term plan? “Look at the duration, coverage, price and claim settlement ratio. You shouldn’t buy a term plan just by looking at the cost. If the claim settlement ratio is not as healthy as it should be then the whole purpose of buying a term plan from that company is questionable,” said Raman. Claim settlement ratio is an indicator of whether the insurer will pay you the money—higher the ratio the better it is for you. Next you need to know the sum assured amount you require. “You could follow simple thumb rules—at age 30 years, sum assured equal to 20 times annual income; at 40 sum assured equal to 15 times annual income and at age 50 sum assured equal to 10 times the annual income,” said Vineet Arora, managing director and chief executive officer, Aegon Life Insurance Co. Ltd.

Unit-linked insurance plan

AUlip will have two components—investment and insurance. The premium that you pay on your Ulip plan is divided—a part of it goes towards your insurance cover and the remaining for your investments. “In the last 10 years, Ulip has gone through a transformation. Until 2013, the product had very high charges. Post-2013, it started giving value for customers.

In the 2019 regulation, the life insurer can increase their charges upfront. We are yet to see how the insurers will respond to the regulation. In the last few years, zero charge products have been launched and now we need to see how the industry will react,” said Mohit Garg, head of products, PNB MetLife India Insurance Co Ltd.

Right now, aUlip can charge you up to 1.35% for the fund management portion of the Ulip in the form of expense ratio in the equity portfolio. If it is not equity, you will be charged lesser, said Garg. A certain portion of the premium you pay that goes to your insurance attract charges. “The risk charges for your mortality vary according to age and is determined by Irdai. Risk charges are small component.

For instance, for a Rs 1 lakh cover, the mortality charge could be around Rs 250 annually while the premium could be Rs 10,000. Besides the expense ratio and mortality charges, there is a policy administration charges in the Ulip structure,” said Garg.

Who should opt for aUlip plan and how to sift through it and find the right one? “The investment part can range from 100% equity to 100% debt and everything in between. You need to invest based on risk appetite. You can look at the past performance to understand it. You also have the option to move from equity to debt within the same Ulip product,” said Garg. Depending on how much you understand the product, you may want to consider a financial planner.

Traditional plans

A traditional plan has a larger component going towards savings and the remaining for insurance. There are two kinds of traditional plans—endowment and money back. How do you choose which one to buy? “It depends on the purpose of my investment. In an endowment plan, you get a lump sum amount at the end of the plan. For instance, if it is a 20-year plan, you will get the money at the end of the tenure. In money back plans, you get money at regular intervals—4th year, 8th year and so forth.

If you need money at regular intervals — for instance, your child’s fees — then you might want to consider cash back. If you want to accumulate money for your retirement or for child’s marriage, then it could be endowment. Endowment is always more beneficial than money back because the returns are higher as the money stays with the insurance company for a longer period,” said Karthik Raman, head of products, IDBI Federal Life Insurance Co. Ltd.

However, the returns on your traditional insurance policies are usually low. Also the commissions attached to it are steep. “The money available may not fetch you the desired cover and there is a possibility that the cover may fall short,” said Raman.

Pension plans

Life insurers also provide pension plans. Here the money that you invest goes towards building a corpus for your retirement and you can streamline it to get a monthly pension during your retirement by buying an annuity plan. Pension plans may come with or without insurance cover. Who should opt for it? “Pension plans in the life insurance industry have been available for a long time now. Some of the

limitations that pension plans have are the component of annuity--they have to buy annuity at the time of maturity.

The payout is fixed in nature. Pension is taxable at the time of maturity. Any product that gives you flexibility of payout after you retire in a tax-efficient manner and during your saving years is able to take care of your life cover would be probably a better way to look at it," said Dheeraj Sehgal, chief institutional officer, Bajaj Allianz Life Insurance Co. Ltd.

How to choose the right one? You may need to take help from a financial planner if you want to include a pension plan in your portfolio. It works for those who want a guaranteed monthly payout during their retirement period.

(The writer is Vivina Vishwanathan.)

TOP

Source

Lock in higher rate of return on annuities now – Financial Express – 19th august 2019

The Indian economy is gradually moving towards a low interest rate regime. The fact that RBI has reduced the repo rate for four times this year to 110 basis points cumulatively makes us believe that our economy has to adjust to this scenario. Inflation has been low for quite some time and banks have been reducing the lending rate to make loans for industry cheaper.

In such a scenario, insurers are likely to feel the heat in maintaining guaranteed return on a few products and even in managing cash outflow in respect of annuities guaranteed for a long term or for life.

Interest sensitive

As the financial results as on March 31, 2019 indicate, more than 50% of the total premium of several insurers is mobilised through the group insurance business which is highly interest sensitive. The rate once guaranteed at the time of purchase of annuity policy is to be maintained for 30 to 40 years. Hence maintaining handsome return on investments in bonds and the money market may prove to be a very challenging task. The companies' ability to honour the expectations of the policyholders comes under severe stress. Sale of policies with guaranteed returns cannot be stopped suddenly and the guaranteed returns also cannot be reduced substantially as such actions will have serious reactions from the sales force. The other option for the insurer could be to increase the premium rate but in a fiercely competitive and heavily regulated market that also becomes very difficult.

When the return on traditional policies shows negative trend, customers tend to look for annuity products and try to lock the rate of return in their favour by buying such policies with annuity commencing at a much later date. In such cases the policyholder or the annuitant secures himself against declining rate of interest in the market but the insurer takes a beating and may suffer huge losses. With the increasing average longevity of the population, annuities bind the company to higher rate of out-goes for as long as 40 to 50 years in most of the cases.

Lessons from Japan

In the late 1990's and early 2000's nine Japanese life insurers collapsed under the pressure of low interest income on their funds. Faced with serious crisis, the life insurance industry in Japan found many innovative solutions to ensure their survival and for honouring their commitments to the policyholders. They reworked product mix and rationalised the sales force structure and size with thrust on multiplying per capita productivity.

They introduced new low cost distribution channels like bancassurance. But the legacy business in their books continued to pose a challenge. To augment the cash flow into the company's reserve, they launched massive contact programme with customers for reducing lapse rates. The activities were maintained at a very low cost by adopting the best possible use of technology through minimal manpower involvement. Preventing attrition of customers resulted in cash flow into the company at a very low cost.
Mortality profits were also used for funding return to policyholders. Slowly protection products were introduced and endowment products were gradually reduced. The investment strategies were also aligned to making best out of a difficult situation.

For prospective policyholders it is necessary to adopt a discerning approach to the various insurance products in the market and take a quick decision before the insurers make the products costly or reduce the rate of bonus or annuity. Those aged 50 and above must buy annuity policies at the current rate and price to enjoy continuously high income during the rest of their life. Delay or indifference in planning for funding post retirement expenses may prove costly. The time is not far when insurers will reduce the annuity rate. They may even increase the price for purchase of such annuity products.

(The writer Mr. Kamajit Sahay is former MD & CEO, Star Union Dai-ichi Life Insurance.)

TOP

Source

Pure term plan attracts 18% GST while Return of Premium term plan 4.5%: Which one to buy? – Financial Express – 16th August 2019

The foremost objective of life insurance is to act as a tool in replacing one's income in the event of the death of the bread earner in the family. And, it is best met through a term insurance plan which is a low-cost, high cover insurance plan. A pure term insurance plan ensures that the death benefit in the form of sum assured is paid to the nominees if the life insured dies within the policy term. If the policyholder survives and outlives the term, nothing gets paid as maturity proceeds. The premium paid in a term insurance plan, therefore, is primarily towards the cost of insurance or the mortality charge in the policy. As term plans do not have any maturity value similar to a car insurance policy, a lot of individuals have apprehensions towards it.

As an alternative, life insurance companies have a term plan that returns the premium paid over the years back to the policyholder. Such plans are called 'Return of Premium' plans.

In 'Return of Premium' plans, the premium paid by the policyholder is paid back on maturity. Noticeably, such as 'Return of Premium' plans will have a higher premium than a pure term plan. And, therein lies its biggest drawback. If one buys a pure term plan and keep investing the excess (compared to Return of Premium plan) in any safe and assured investment, the maturity value will still be higher. This is because, in Return of Premium plans, the premium is generally paid without any interest. Effectively, the actual return therefore in Nil in Return of Premium plans. "By definition, 'Return of Premium' returns premiums paid and does not offer any (neither positive nor negative) returns 'on' the premiums paid," says Sanjay Tiwari, Director-Product Management & Customer Services, and Exide Life Insurance.

For most, especially who are the first time buyers of term plans or those who are new to the concept of life protection, the premium paid in a term plan is considered as a sunk cost. "Term with 'Return of Premium' plans attract first-time life insurance buyers who are uncomfortable about getting no benefit for surviving the term and might see the premiums as a sunk investment. "Term with 'Return of Premium' plans attract first-time life insurance buyers who are uncomfortable about getting no benefit

for surviving the term and might see the premiums as a sunk investment," says Sanjay Tiwari, Director-Product Management & Customer Services, Exide Life Insurance.

Inspite of a negative return on surviving the term, 'Return of Premium' plans may suit some under specific situations. "Return of Premium' term plans may also be suitable for occupations with irregular income as they offer proportionately reduced benefits in case of non-premium payment, unlike a term plan which will simply get lapsed. Since traditional India is prudent with day to day expenditure and is conscious of quantifiable returns on their money spent, such plans perfectly addresses their concerns," says Tiwari.

Importantly, when it comes to the premium, the net premium after taking tax into account also has a role to play. The gross premium in both, a pure term plan and a Return of Premium plan depend on the buyer's age, the term of the policy and the sum assured. After GST gets added, the net premium is what the policyholder has to pay to keep the policy active. "In fact, Term plan attract a higher 18 per cent GST whereas Return of Premium term plans attracts 4.5 per cent GST in the first year and 2.25 per cent GST thereon," informs Tiwari.

Between the two, a pure term plan is a better option. Every life insurance plan has a mortality charge based on age, the sum assured etc. Adding a savings element does not absolve them from mortality charge. Term plans take only mortality charge (and admin charge) and hence there is no maturity value. "Both plans have their attributes and customers are encouraged to purchase policies after identifying their life goals and then choosing the plans that are most relevant to them," says Tiwari.

(The writer is Sunil Dhawan.)

TOP

Source

Expedite life cover claims in flood-hit states: IRDAI - The Hindu Business Line – 16th August 2019

The Insurance Regulatory and Development Authority of India (IRDAI) has asked insurers to relax procedures wherever possible to expedite life insurance claim settlements in flood-affected States. In a circular sent to the chief executive officers of all life insurance companies, the authority has directed them to initiate immediate action "to ensure that all reported claims are registered and eligible claims are settled expeditiously". With regard to claims involving loss of life where it is difficult to obtain a death certificate due to non-recovery of body, the procedure followed in the case of Chennai floods in 2015 may be considered.

TOP

Source

GENERAL INSURANCE

The state-owned Oriental Insurance Company (OIC) has received 400 claims from Kerala alone, worth around Rs 40 crore - Financial Chronicle – 23rd August 2019

With floods playing havoc in many states, insurers are likely to take a hit of over Rs 1,000 crore from unforeseen claims.

The floods have caused widespread damage to properties and lives in the states of Bihar, Assam, Maharashtra, Karnataka, Kerala, Punjab, Uttarakhand and Himachal Pradesh, among others.

Two senior officials of a public sector insurance company said the industry expects as many as 10,000 floods-related claims.

The state-owned Oriental Insurance Company (OIC) has received 400 claims from Kerala alone, worth around Rs 40 crore, while the insurance industry has received about 2,500 claims worth over Rs 240 crore from the southernmost state, the officials said.

"Besides Kerala, other states have also faced similar widespread damages, which are main concerns for insurers, too. Though some relief works are still under way and several instructions have been given to lessen losses, we are still waiting to assess the final claims from all claim offices across the country.

However, we are expecting a total over 10,000 claims, amounting to more than Rs 1,000 crore from across country," they said. As heavy rainfall continues to ravage large parts of the country, the southern states of Karnataka and Kerala are now dealing with the post-destruction phase while the northern parts of India is bracing for the worst.

As of August 19, at least 40 people have reportedly died, over 20 missing and properties worth crores have been damaged in northern states, including Himachal Pradesh, Uttarakhand, and Punjab. Besides, flood damage has also been sounded from parts of Delhi, Haryana, Punjab, and Uttar Pradesh.

Keeping the flood scenario in many parts of the country, recently the Insurance Regulatory and Development Authority of India (IRDAI) advised insurance companies to expedite claim settlement.

A senior official in a private general insurer said, "In the last five years, losses due to natural calamities have led to insured losses of almost Rs 25,000 crore. Most of the claims came from the Uttarakhand floods, cyclones Hudhud, Fani and Phailin, and the Chennai and Kerala floods."

(The writer is Madhusudan Sahoo.)

TOP

Source

Online hacking data becomes sophisticated and invasive – Business Today – 22nd August 2019

Sunetra Aggarwal (not her real name), a Delhi-based IT professional, is an avid Internet user. With rising digitisation, it has been a cinch for her to do all her banking, shopping and cab/ticket bookings online. She is also active on social media and accesses endless entertainment via OTT platforms. It was convenient and cost-efficient for some time until she faced a couple of phishing and vishing attacks. She got a mail, presumably from the Income Tax Department, prompting her to claim a tax refund by giving bank details for money transfer. The vishing (voice or VoIP phishing) attempt that followed was more alluring. The person who called her said he was a bank employee and needed credit card details to convert her reward points into cash. A cautious Aggarwal emerged unscathed, but these incidents underline the dire consequences if rising cyberattacks against consumers are not addressed.

"According to a survey by Symantec Norton, close to 978 million individuals all over the world fell prey to cybercrimes in 2017. An Assocham-NEC study in the same year estimated that cybercrimes in India rose 457 per cent between 2011 and 2016. The biggest financial loss during this period amounted to Rs 70 lakh," says Jayant Saran, Partner at Deloitte India.

Typically, people do not realise how serious these threats are or how big the damage could be. Poor awareness, coupled with the growing sophistication of cyber threats, means there is a strong case for

buying cyber-risk insurance. For more than a decade and a half, businesses have been purchasing such coverage to mitigate these risks, but cyber insurance for individuals is a recent phenomenon. In India, Bajaj Allianz was the first general insurance company to launch such a policy. Its Individual Cyber Safe scheme covers financial losses, data restoration costs and defence or prosecution costs related to cyberattacks. The cover ranges from Rs 1 lakh to Rs 1 crore. HDFC Ergo came out with a similar policy last September, but its e@secure cover starts from Rs 50,000. Here is a look at what these policies cover and whether you should opt for them.

How You Benefit

Coping with monetary losses: A cyber insurance policy would cover all financial losses caused by unauthorised online transactions. If you are a victim of phishing or e-mail spoofing and have been duped into providing financial information or making an online transaction, the insurer will cover your losses. But in case you are claiming compensation from a bank or financial institution, you cannot claim the money from your insurer. Any amount recovered from the bank/financial institution should also be notified to the insurance company. If you have lost money due to identity theft or data breach, the same will be covered by your insurance company. It will also pay the cost of correcting the records. For instance, if a fraudulent transaction has impacted your credit score, your insurer will pay the amount needed for data restoration.

Staying safe on social media: Cyberbullying and cyberstalking on social media are on the rise - a grim reality considering the kind of personal information people share on this platforms.Karnika Seth, a cyberlaw expert and founder of Noida-based Seth Associates Law Firm, says the number of cases has gone up. She is handling at least three-four cases a day. The cyberspace is full of bullies who want to tarnish people's reputation by posting defamatory comments or pictures in poor taste. Cyberstalking could be more personal as one is attacked via e-mail, messenger apps or other online mediums. However, both could cause the victim emotional and psychological trauma. If the person insured needs to consult a psychologist to deal with the situation, the cost will be borne by the insurance company, subject to the sub-limits. Besides, it will pay for IT services to remove the content and also bear the cost of a lawsuit, either initiated by the insured or filed against him/her, for social media abuse.

Dealing with legal costs: Unlike the social media cover, the legal options here are wide open. Insurers cover the costs of legal consultation and criminal lawsuits against third parties in cases such as financial fraud, identity theft, data or privacy breach and cyberstalking. If you are seeking compensation from a bank or financial institution for any loss caused by a fraudulent online transaction, your insurer will bear the legal expenses of the procedure. Overall, legal coverage includes legal fees; transportation costs; call charges, postage and bank charges, if any. HDFC Ergo also provides for loss of wages for up to seven days.

All legal expenses must be incurred within the jurisdiction of Indian courts, though. And these costs could be astronomical - again, an excellent reason to buy a policy. According to Seth, cost of prosecution depends on the stake involved and may range from Rs 50,000 to Rs 10-15 lakh or more.

Read the Fine Print

As cyber insurance is still evolving, one should thoroughly check the fine print and opt for the most comprehensive coverage. Keep in mind that both policies available in the consumer space have sublimits. Bajaj Allianz provides cover against 10 clauses with sublimits ranging from 10 to 25 per cent. So, if your sum assured is Rs 5 lakh and the sublimit is 10 per cent, you will get Rs 50,000 against a particular cover. HDFC Ergo has eight covers where sublimits vary between 10 and 100 per cent. There are a few clauses where HDFC is offering better coverage, and this could be the reason for a higher premium (see What You Pay). It also has deductibles of Rs 3,500 for sum assured starting from Rs 5 lakh.

There are other significant differences. Under HDFC Ergo, legal expenses are covered up to 100 per cent of the sum assured compared to 10 per cent under Bajaj Allianz. Plus, HDFC has a sublimit of 25 per cent for identity theft compared to Bajaj's sublimit of 10 per cent. It also provides 100 per cent coverage against fraudulent online transaction while Bajaj does not have 100 per cent coverage against any of its clauses. The latter's cover against malware is in-built with a sublimit of 10 per cent, but under HDFC, it is available as an add-on with a sublimit of 10 per cent. Moreover, HDFC Ergo provides a family cover as an

add-on, but Bajaj Allianz does not offer it. If you want to add the members of your family, you will have to buy individual policies.

Should You Buy?

"We live in an increasingly connected world where the amount of personal data being generated, transmitted and stored on various digital devices is growing exponentially. The critical nature of this data and the complexity of the systems that support its transmission and use have created a gamut of cyber-risks," says SasikumarAdidamu, Chief Technical Officer, Bajaj Allianz General Insurance. Add to that offensive AI, which could make it more threatening than any real-world heist. Hence, an insurance shield is mandatory nowadays. However, the type of coverage and the insurance amount will largely depend on one's online presence and activities. "It is best to consider an individual's average spending online or credit card/e-wallet limit to ascertain the sum insured. An adequate cover will depend on the risks to which a person is exposed," says Anurag Rastogi, Chief Actuary and Chief Underwriting Officer at HDFC ERGO General Insurance.

The products discussed here are relatively new and likely to improve as more data, use cases and customer feedback pour in. We may see sublimits increase or get removed altogether, or premiums may go down as more companies and consumers enter the domestic market. But even now, one cannot afford to ignore the risks. "Whoever deals in this online world will need the cybercover sooner than later. I would recommend it to every adult as most of the transactions are now done online," says Rakesh Goyal, Director at Mumbai-based Probus Insurance. Seth, however, is more concerned about social media misuse. "If you are a celebrity and have a good presence on social media or an individual who is very active on those platforms, you should have a cyberinsurance policy," she says.

(The writer is Renu Yadav.)

TOP

Source

General insurers report 13 pct premium growth in April-July - Financial Express – 21st August 2019

Among the 25 general insurers, New India Assurance, Bajaj Allianz General Insurance, SBI General Insurance and Tata AIG General Insurance, among others, saw a positive growth in the April-July period, showed the data from Insurance Regulatory and Development Authority of India (Irdai).

General insurance companies reported a 12.99% growth in their gross direct premium at Rs 55,450.42 crore between April and July compared to the corresponding period a year ago. In July, their premiums stood at Rs 14,378.45 crore, a growth of 22.73% over the corresponding month last year. According to market participants, despite strong growth in July, the motor insurance segment continues to witness a dip in premiums largely due to a fall in car sales in India.

Among the 25 general insurers, New India Assurance, Bajaj Allianz General Insurance, SBI General Insurance and Tata AIG General Insurance, among others, saw a positive growth in the April-July period, showed the data from Insurance Regulatory and Development Authority of India (Irdai).

Pushan Mahapatra, MD & CEO of SBI General Insurance, says, “We have been doing consistently well and except motor insurance, we have grown in the segments such as health, agriculture and property. Motor insurance is a challenge not only for us but for the entire industry. With drop in new vehicle sales we have to look at how the growth can come from other lines of business.”

Motor insurance, which includes third party and own damage combined, has a market share of around 38%, followed by health insurance which has a market share of around 30%. New India Assurance continued its dominant position in the industry with a market share of 16.01%.

The combined market share of public sector insurers as on July stood at 41.15%. While in the private sector, ICICI Lombard remained at top with a market share of 8.15% as on July 2019, but its gross direct premium in April-July stood at Rs 4,520.40 crore against Rs 4,915.02 crore a year ago, a fall of 8.03%.

While general insurers saw premiums of Rs 50,210.62 crore and a growth of 10.88% in April-July, standalone private health insurers saw a higher growth at 41.93% and premiums at Rs 3,908.93 crore. Specialised public-sector insurers like ECGC and AIC also saw a positive growth of 28.44%.

New entrants like Acko General Insurance, Go Digit General Insurance and Edelweiss General Insurance saw huge growth in the period between April-July, showed the data from Irdai.

TOP

Source

Expedite claim settlements in flood affected areas, Finance Ministry tells insurance companies – Financial Express – 18th August 2019

The Finance Ministry has asked insurance companies to expedite the claim settlement process for policyholders affected by floods in different states, including Karnataka, Maharashtra and Kerala, sources said.

The ministry has asked the insurers to clear claims under various policies including Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana and Pradhan Mantri FasalBima Yojana quickly, they added.

Widespread damage to life and property has been reported from different parts of the country as monsoon rains played havoc in several states.

Regulator Irdai in a communication to life insurers said that as a result of the heavy rains and floods, there are reports of loss of human lives and loss of belongings in many states such as Karnataka, Kerala, Maharashtra, and Gujarat.

"Initiate immediate action to ensure that all reported claims are registered and eligible claims are settled expeditiously," said the Insurance Regulatory and Development Authority of India (Irdai). With regard to claims involving loss of life, where difficulty is experienced in obtaining a death certificate due to non-recovery of body, Irdai asked the insurers to follow the process adopted during the 2015 Chennai floods.

They have also been asked to update Irdai about state-wise progress report on the claims settled on a weekly basis. Pradhan Mantri Jeevan Jyoti Bima Yojana claims data need to be submitted separately while including the same in total claims, it added.

The Irdai has also asked general insurance companies and standalone health insurers to expedite claim settlements. The insurers have been told to ensure that all claims are surveyed immediately and claim payments are disbursed at the earliest. They have also been asked to engage adequate number of surveyors in the affected areas.

TOP

Source

Risk-based solvency: PSU insurers may have to hold additional capital – Moneycontrol – 16th August 2019

The insurance sector will be moving to the risk-based solvency or Solvency II regime in the next two years. Considering that risks will be proportional to the type of business written by the companies, sources said that it is likely that PSU insurers will be required to hold more capital.

"Several public sector insurers are engaged in riskier businesses in areas like group health and marine hull that have high claims risks. Hence, it is likely that they will have to hold more capital," said an official.

This regime could come into effect from April 2021. Public sector insurers include New India Assurance, United India, Oriental Insurance and National Insurance and Agriculture Insurance Company.

At present, insurers' assets are required to be 1.5 times, or 150 percent, of their liabilities. Once risk-based capital (RBC) framework comes into place, insurance companies will have to hold capital in proportion of the business they write. Riskier the business, higher is the capital requirement.

Hence, the solvency that stands at 1.5 times could rise to 3.5-4 times depending on the risks written by the insurer.

This is to ensure that the companies have adequate reserves in case there is a large claim on the books. Further, companies not wanting to maintain large cash reserves will have to rejig their portfolio towards less-riskier business. Initially, RBC was to be implemented from April 1, 2019. However, considering the fact that the industry did not have the systems in place to implement it, it was pushed by a year. Now, it is likely to be pushed to April 2021 or FY22.

Insurance Regulatory and Development Authority of India (IRDAI) said that RBC will first be introduced for the insurance sector, followed by intermediaries. Once Solvency II is introduced, insurers will have to redeploy staff for better risk assessment. At a later stage, IRDAI will assess each insurer based on its 'risk profile' and will focus on entities that have a higher risk compared to others.

So, if an insurance company writes more of group health business where the claims instances are high, they will be required to maintain a higher level of capital. This is to ensure that the claims-payment abilities of insurers are not impacted by their business decisions.

(The writer is M Saraswathy.)

TOP

Source

HEALTH INSURANCE

Ayushman Bharat helped 39 lakh people save Rs 12,000 crore: Vardhan - The Economic Times – 21st August 2019

Free-of-cost treatment under the government's flagship Ayushman Bharat-Pradhan Mantri Jan Arogya Yojna (AB-PMJAY) has helped more than 39 lakh people save Rs 12,000 crore since its launch in September 23 last year, the health minister said on Wednesday. Several events are being planned across the country to commemorate the first anniversary of its launch and September 23 will be celebrated as 'Ayushman Bharat Diwas' to generate awareness about the scheme.

Union Health Minister Harsh Vardhan reviewed the implementation of the scheme and said, "I am pleased to know that more than 39 lakh people have availed cashless treatment worth over Rs 6,100

crore for serious illnesses since the launch of AB-PMJAY. This has resulted in savings of Rs 12,000 crore to the beneficiary families."

Appreciating the progress of the scheme so far, Vardhan stressed on maintaining the momentum in its implementation across the country and urged states to put in greater strength and efficiency in scaling up it reach and providing seamless health services to the last mile.

"The Prime Minister has envisioned the scheme for the health and wellness of the poorest and most vulnerable of the people. We have to ensure that the vision of our beloved and inspirational Prime Minister is fulfilled," he emphasised.

At the review meeting, Vardhan also launched the newly designed grievance management portal of AB-PMJAY. This is an online system to help members of the general public to register their grievances and get assisted support.

Vardhan also gave the go-ahead to the preparations for the first anniversary of the scheme. The fortnight of September 15-30 will be marked as the 'Ayushman Bharat Pakhwara' when several activities will be carried out in the states to generate awareness around the scheme and celebrate this gift of health to the nation.

A mega national event 'Gyan angam' will be organised from September 29-30 to highlight the progress and achievements of the scheme. The Union Health Minister also reviewed the cyber security and privacy mechanisms set up at the National Health Authority, the apex body implementing the scheme to protect the beneficiary data.

He emphasised that the highest standards of security and privacy, and zero tolerance for corruption and fraud be the cornerstone of the culture of AB-PMJAY.

TOP

Source

Centre planning to set up ESI hospital in all districts of the country: Union Minister - The Hindu Business Line – 21st August 2019

Union Minister of State (Independent Charge) for Labour& Employment Santosh Kumar Gangwar has said the government is planning to set up ESI hospital in all the districts in the country.

Currently, there are over 450 ESI hospitals across the country and plans are afoot to set up hospitals in other districts too, he said speaking after laying the foundation stone for a new building and dedicating the ESI Medical College and Hospital to the nation in Hyderabad.

Gangwar assured support for strengthening the ESI Hospital network in Telangana and sought cooperation from the State government to speed up the processes required.

He said the government has initiated several measures to provide monthly pension to the workers in unorganised sector. The Centre, he said was committed to the welfare of the labour force in the country and has introduced two bills in the Lok Sabha, related to wage and occupational safety of workers.

The minister said steps would be taken to ensure that there is no dearth of doctors or para medical staff at ESI hospitals.

The government has reduced the contribution under the Employees' State Insurance (ESI) Act to 4 per cent from 6.5 per cent. This move, Gangwar said, is expected to increase the take home salary of workers as well as reduce the financial burden of employers.

The Minister said the government is committed to ensure wage, jobs and social security for all workers including those in the unorganized sector. Forty crore workers from unorganised sector will be covered under ESIC and EPFO, including building construction workers, beedi workers, auto drivers/rickshaw workers, and provided health services under social security scheme, the minister said.

Union Minister of State for Home G Kishan Reddy said the Centre released ₹1,200 crore for setting up of an AIIMS hospital in Telangana and called upon the State Government to implement Ayushman Bharat programme.

The new multi- storied Out Patient Department Block, constructed at a cost of ₹124 crore, will provide medical services in various departments.

TOP

Source

Five things that can make your retirement stress-free – Mint – 21st August 2019

Ensuring adequate income throughout the retirement period is the principal financial goal for senior citizens. Not everyone is entitled to an employer-sponsored pension and most people have to depend upon the corpus that has been created in the working years to generate the income required. Longevity risk, or the risk of outliving the available corpus, is the biggest stress for senior citizens. Here are five things you can do to make the most of the corpus that is available to you in your retirement years.

Income portfolio

You need a strategy in place to earn an adequate income from diversified sources and protect the corpus from losing real value on account of inflation.

First, have an income stream that is assured for essential living expenses. This can be constituted by pension, if any, and guaranteed and assured income products such as Senior Citizens Savings Scheme, bank deposits and bonds. Defer buying an annuity as far as possible to maximize your payout in the later stages of retirement when you want assurance and simplicity from investment products. Dividends from equity investments and rental income also constitute periodic income earned on investments with the added advantage of being inflation-protected, although there is assurance on the income, especially dividends.

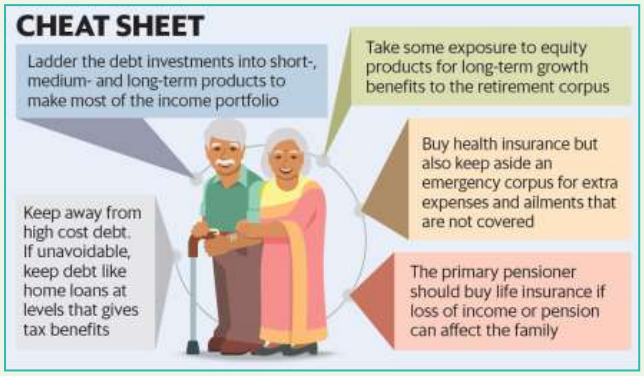
Investing for income comes with the risk of missing out on better returns available in the future once the corpus has been tied up. Then there is the reinvestment risks associated with debt instruments. One way to mitigate these risks is to build a staggered or laddered portfolio of diversified debt products of different tenors. This includes short-term bank deposits, ultra-short term and low duration funds for the short-term horizon; Senior Citizen Savings Scheme, short duration and corporate bond funds, bonds and debentures with tenors up to five years, bank deposits, and other deposits with up to five years tenor for the medium term; and bonds, deposits with longer than five-year tenor and long-term debt funds for the long-term tranche. The short-term products will mature early and free up capital for you to invest at higher rates if interest goes up. If interest rates fall and you have to reinvest at a lower rate, the impact on your portfolio is lower since only a small portion gets reinvested at the lower rate.

Make your money grow

Conventional wisdom tells you to stay away from taking any risk in your retirement portfolio and invest only in safe assets. However, given that retirement years can be lengthy, the effect of inflation, failing health and other changes in life will take a toll on the corpus. In this scenario, the higher returns and compounding benefits from growth assets like equity will help protect your corpus.

It would be a good idea to incorporate growth assets such as equity for the last tranche of the corpus where the funds are required at least 15 years from the start of retirement. The higher returns that this block of funds is expected to earn will pull up the overall returns, without risking the availability of

income to meet expenses in the initial years of retirement. As the years in retirement come down, the exposure to growth assets should also reduce, thus protecting the retirement from the effects of volatility in returns.



A second career

If you have doubts about whether the corpus you have created will see you through retirement, then it is best to take action in the initial years of retirement when you still have the skill and experience to consider a second career. The income will reduce the stress on the retirement corpus. The longer you are able to bring in some additional income the better will be the protection from the risk of running out of money.

Adequate protection

An emergency fund in retirement is more to fall back on in case of a large and unexpected expense rather than loss of income. Typically, this will be related to health issues that are not covered by insurance but are large.

“A health insurance policy with a sum insured of ₹5 lakh is a good starting point, but it is important to remember that a health policy may not cover the entire hospital bill. Also, some ailments may be permanently excluded from the scope of the cover," said Deepali Sen, certified financial planner and founder of Srujan Financial Advisers LLP. “It is therefore recommended that an emergency corpus with at least six months of expenses be kept aside in liquid and ultra short-term funds," she added.

Other expenses that may not be budgeted, such as maintenance and gifting can also come from the emergency fund.

Life insurance may be relevant if pension and other income available to the household may significantly reduce on the death of the primary pensioner and investment income is inadequate. Other insurance that may be relevant for senior citizens, and which can be procured at low cost include insurance to protect assets such as the home and its contents and auto insurance.

Keep debt at bay

If there are debt repayments to be serviced, a larger portion of the retirement corpus has to be employed to earn the fixed and guaranteed income. The rate of return on such investments is, typically, low. If you are in such a situation, you will end up underutilizing your corpus, which will impact financial security through the retirement period.

Existing debt obligations may also make it difficult to access debt in an emergency. There is a risk of the amount of pension ceasing or reducing on the death of the primary pensioner, making it difficult to service the debt. “A home loan though is an exception to the no-debt in retirement rule, given the tax benefits. However, even in the case of home loan, you should actively consider bringing down your liability beyond the point it stops becoming tax effective. For instance, if your interest outgo is ₹2 lakh in a self-occupied property, the entire amount is available for income tax deduction, but if the interest outgo is more than ₹2 lakh, you should consider reducing the outstanding liability," said Nikhil Kothari, chief financial planner at Etica Wealth Advisors, a Mumbai-based financial planning firm.

A budget that takes available income into consideration and the discipline to live within this budget are essential tools to make retirement life a success since the possibility of replenishing the retirement corpus is limited. There are different phases in the retirement years and it is important to fine-tune the retirement portfolio to the needs and preferences at each stage. Make this rebalancing an essential part of managing the retirement portfolio.

(The writer is Sunita Abraham.)

TOP

Source

Comparing health insurance plans? Check these facts before you buy a health cover – Financial Express – 21st August 2019

Selecting the right health insurance plan amongst several plans available in the industry is making the comparison task difficult for buyersnowdays. Most of us are aware that buying a health insurance policy helps in meeting the hospitalisation costs. However, when it comes to choosing the right health insurance policy, it becomes a slightly trickier task. Comparing health insurance plans need to be done to choose the right policy. After all, there are different health insurance plans available with different insurance companies. Even with the same insurer, there are different versions or variants of the same policy. "With multiple health insurance plans available in the market, it may sometimes become little daunting to choose the right one to buy for oneself," says Amit Jain, President, Personal Lines, Bancassurance& Affinity and Marketing, Liberty General Insurance.

But, the numerous features and versions should not deter you to avoid buying a health insurance plan, especially if you are in the pink of health. "One should buy a health cover while one is disease-free and healthy, in order to avoid premium loading or rejection of the proposal, in case of any adverse medical condition," says Shanai Ghosh, CEO Designate, Edelweiss General Insurance.

Even before you zero-in to the right policy, there are other issues to take care of. Buying a health cover with an adequate sum insured is important. The right amount of sum insured in a health insurance policy will largely depend on the city where you reside. In big cities, cost of hospitalisation will be more compared to a relatively smaller city or town. Also, a higher sum insured should be opted for in case you or any family member has a family history of any ailment.

While selecting the right plan for you, it's important you consider the features also according to your age. Ghosh makes it simple for you to decide. "Age is also an important element to be taken into account. For customers between 0 days to 18 years, hospitalisation cover is important; however, if you are a senior citizen, you need to consider age, hospitalisation cover, reload of critical illness coverage, AYUSH benefits, Sum Insured restore benefits etc., would be more ideal. For adults, maternity benefit and personal accident covers, are also of importance along with basic hospitalisation,"

Simultaneously, you need to decide whether to take a Family Floater plan or an individual plan. "If unmarried or single, one can opt for an individual sum insured plan and take a separate floater policy for parents. If married, we recommend a family floater policy, which can cover self, spouse and children (if any) in a single policy, where the sum insured can be utilized by all insured in the policy," says Ghosh. Remember, most insurers cover family members up to the age 25 in a family floater policy and one may add or remove a member's coverage from it.

Now, comes the important part of selecting the policy. Most insurers have more than one variant of the same policy such as Basic, Silver, Gold or Executive, Premium etc. While selecting a health insurance policy, start with the most standard or basic version and see its features. Find out what all is included and excluded in the policy. This gives you a fair idea as to what to expect in higher variants. Now, see if the advanced versions offer features that you find to be essential or not. Accordingly, see the difference in the premium between the the two variants and decide. "The plans can be compared on the basis of policy features, premium and claims servicing of the company. With numerous plans available in the market, it is very important to identify the exact need of the family," informs Jain.

There are some important features that you may consider while comparing health insurance plans. "One should look at products with no room rent capping, no sub-limit and no co-payment in it to have no liability in the future," says Jain. Sub-limits is applicable on almost all hospital cost-heads and any

expense above that will have to be borne out-of-pocket by the health insurance policyholder. Ideally, opt for plans with no sub-limits else you will have a cap on the room rent.

For more evolved buyers, looking at the financial soundness of the insurer also helps. Even though claim ratio and other financial keep changing for the insurer, one may apply them while deciding on the insurer but need not rely entirely on them. "Insurers who have minimal claim rejection ratio and lesser customer grievance along with high solvency margins are suggested," informs VikasMathur, Head – Health Marketing, Universal Sompo General Insurance.

Do not merely go by the premium as it will differ depending on the features available in the various plans. "It is important for customers to check for coverage offered in the policy vs the premium charged for coverage to make an informed choice," says Ghosh. Finally, disclose all material information including your medical history and current medications, if any. Letting the insurer know about pre-existing diseases is equally important as any non-disclosure or wrong information may result in a repudiation of the claim even if they are covered after four years of the policy. Jain sums up, "Determining the right cover at the right price is the most critical point to evaluate in choosing a health cover. The lifestyle of the family, family history of any specific ailment and any pre-existing disease in the family should be the key factors you should consider while selecting the right health insurance plan."

(The writer is Sunil Dhawan.)

TOP

Source

Next-gen customers fuel disruption in health insurance – Forbes – 21st August 2019

A typical day in your life can help you understand how health insurance is poised to change. You can book a cab or track steps during a workout with just a few clicks on your phone. You can shop or watch movies from personalised lists recommended just for you. Technology has made our lives easier. It has also given rise to the tech-aware consumer, whose interactions in a connected world are now fueling the disruption in health insurance.

This growing tribe demands value and a better user experience. They want the same engagement levels, relevance, access and convenience in their health insurance products that they have come to expect elsewhere. In 2019, I see this group of consumers influencing major shifts within India's health insurance landscape.

Customer obsession in a digital world

From booking a doctor's appointment, to buying health insurance, customers want to do it in real-time on their smartphones. Take this a step further, and they would rather wish it was all taken care of. New-age insurance offerings include concierge services that are just a call or click away. Weave in technology, and these services can be fine-tuned to meet customers' specific requirements, like finding the right doctor for a particular condition in their locality. Health insurance companies will have to look through the consumer's lens as they harness technology—whether it is using AI software to develop customised offers or leveraging data analytics to give consumers more personalised products.

In its 2017 Consumer Health Insights (CHI) Survey, McKinsey asked respondents which companies healthcare organisations should aspire to be like. It's no surprise that they selected tech-focused innovators such as Amazon, Google and Apple, besides high-performing retailers like Walmart. McKinsey observed that the "types of interactions and relationships consumers have with these companies strongly suggest what they want from healthcare organisations." The ease of use that tech innovators focus on, with the kind of customer centricity that's par for the course in retail, are set to overturn how health insurers solve problems for customers.

The app way: From cumbersome to convenient Today's tech-savvy customers are always connected and get a lot done on the go. Customers wanted to book appointments with doctors in real-time. They want cashless payment, diagnostic booking services and tele-consultation with doctors. Apps simplify the journey for consumers. But they also give insurers a channel to engage with customers and understand their preferences, which can eventually lead to more intuitive products.

The holy grail to value and convenience
Customers find value at the sweet spot where pricing meets quality and product choices are relevant to them. They look for plans that are aligned to their budget and very specific needs. Conventional plans will increasingly be supplemented by a diverse range of products that reflect the customer's evolving mindset and healthcare needs.

In a growing trend, customers now want overall expenses towards healthcare to be covered by insurance. Currently, about 65 percent of expenses related to healthcare are out of pocket. These include OPD, pharmacy and diagnostics, which most health insurance policies don't cover. But as customers demand this shift, insurers will develop new ecosystems to cover a broader spectrum of expenses that deliver convenience.

The rise of niche, customised products
Customers are choosing products that match very specific needs. With wearable tech, insurers can now leverage data to develop products that are niche and specific for chronic illnesses like cancer, cardiac ailments or diabetes.

This trend also reflects our changing community health needs. For example, more and more customers are choosing critical illness plans like cancer insurance. Cancer-related claims increased by 16 percent YoY in 2018.

With the Insurance Regulatory and Development Authority of India (IRDAI) bringing HIV and mental illnesses within the ambit of health insurance, offerings will become more inclusive. As customers embrace new ways of thinking and open up about previously-taboo areas, I see insurers iterating to evolve products that are comprehensive and customised to reach new segments.

Made for Millennials: The 'preventive' approach
The World Economic Forum has called out chronic disease as our biggest global health challenge. It recommends redirecting health systems towards prevention and achieving a healthy lifestyle. A 2018 Health and Wellness survey we conducted across six Indian cities, with 2,100 respondents, revealed prevention is already a priority and focus area for younger customers. 29 percent believe regular preventative health checks are important for greater wellness.

Besides providing preventive services like screenings, I see insurers moving to a more outcome-based preventive model, aimed at customers leading healthier lives. New-age products will reward customers for their success in meeting a pre-agreed upon health goal or score. Or, they might offer personalised health coaching, putting customers on the path to better health. 43 percent of respondents told us they expected an increase in coverage with no increase or a marginal increase in premium for achieving fitness targets.

What will the new generation of customers want in their health insurance plans? Research reveals that millennials are becoming increasingly health and fitness conscious. Traditional insurance offerings do not resonate with their needs or lives. They seek everyday health, wellness and fitness. It's a change that can significantly increase the penetration of health insurance in India by bringing the next wave of customers on board.

(The writer is Ashish Mehrotra.)

Source

TOP

With less than 20% covered, how can India improve its health insurance system? - Youth Ki Awaaz – 21st August 2019

Recent news related to health has compelled Indians to think twice about the significance of health insurance. News headlines such as "Indian citizens are more prone to cancer", "India will become the diabetes capital of the world", "60% of the heart patients in the world would belong to India in the upcoming few years"—coupled with the rising medical costs have attributed to the financial stress for a family. These are some of the reasons which have led to a substantial rise in the number of health insurances, especially in the urban India.

As per an estimate, less than 20% Indian population is covered through health insurance—creating a ground for prominent financial institutions to join in. This is one of the supreme reasons for the banks (both public and private) to offer different types of policies to their customers. The health insurance plans offered by the banks often tend to be tie-ups with insurance companies, where they work as an intermediary, paving the way for better marketing and agreement—given their accessibility and presence in the remotest areas of the country.

In this context, Non Banking Financial Company's (NBFC) role can't be overlooked as they have been actively contributing to the diversified market in the past. A major focus of NBFC in the recent times has been towards health insurance and SME finance. Owing to the emergence of several companies such as Bajaj Allianz, ICICI Lombard and Bharti in the field of healthcare, the popularity of health insurance in India is on the rise.

Let's Learn About Some Of The Best Contributions In Health Insurance In India:
1. Tapan Singhel: Managing director and CEO of Bajaj Allianz General Insurance, Tapan Singhel has led the company successfully to become one of the top insurance brands in India. A joint venture of Bajaj Finserv Limited and Allianz SE-Germany, the company has been catering to the divergent needs of life and non-life insurance customers. He marketed the insurance plans well by heading all retail channels and territories, thereby giving Bajaj brand a place in the health insurance of Indians.

2. Sunil Godhwani: An entrepreneur, advisory and former managing director of Religare, he has played a pivotal role in elevating the status of health insurance. In the year 2012, Godhwani's vision and determination for making the organization cater to the diversified needs saw the light of day, when Religare Enterprises limited started its venture in Healthcare finance under its Brand/ subsidiary Religare Health Insurance and it inducted Anuj Gulati as CEO to run the same.

To enhance distribution of health insurance, Religare collaborated with Union Bank of India and Corporation Bank who took equity into Religare. Additionally, Mr Godhwani with his team prescribed aggressive distribution of health insurance in retail through its SME finance lending business and affordable housing finance ltd. Owing to such an effective role and success in a short span of time, Godhwani is considered as one of the finest examples in India's health insurance segment.

3. S. Viji: He is the chairman of one of the most respected non- banking financial institutions in India: Royal Sundaram Alliance Insurance. His methodologies paved way for a joint collaboration between Sundaram Finance and R.S.A., U.K.—with incorporation of cashless mode of settlement for health claims for the first time in India. Besides this, Viji's organization has also been successful in catering to different needs of insurances such as car and travel.

4. Anil Ambani: A famous Indian businessman and the chairman of Reliance Group, Anil Ambani is one of the richest person in the world. His interests are vested in multiple sectors. Reliance General Insurance, a part of Anil Dhiru bhai Ambani Group is his brainchild. Unlike most of the insurance

companies in India, who have foreign partners, the firm is promoted solely by the Reliance Capital, thanks to Ambani's vision and expertise.

India has prioritized universal health coverage under the sustainable development goals. An individual should look for a comprehensive mediclaim policy so that they get equitable coverage options against future medical expenses. Recent collaboration between banks and private entities or NBFC is surely a step in the right direction. These industries have enough capital and brand value to expedite the complete health coverage for people based in India. This has been one of the prime reasons for NBFCs to diversify its services and therefore, entering healthcare financing space has become the utmost priority.

(The writer is Kritika Khanna.)

TOP

Source

Keeping millenials fit and healthy with insurance – DNA – 20th August 2019

Early insurance buyers need to shell out lower premium rates and are entitled to no claim bonus. This step was taken to draw millennials towards insurance - and stay insured.

Millennials or the Gen Y worries more about their smartphones and latest apps than their health and wellness. Statements like "I am young and healthy. I don't need a doctor, I don't need tests, I don't need any medicines. So why do I need insurance?" - could well be the mindset of this generation.

Millennials are so over-involved in their 24x7 gadget-driven lifestyles that medical or health insurance is the last thing on their minds. If truth be told, the very lack of insurance gives them the false perception that everything is fine and that they don't need to go to the doctor and get a physical examination. And so far, by an odd logic, if one goes for insurance, then one routinely goes in for a check-up and blood and other tests — and gets a clean bill of health, or otherwise.

Contrary to the popular millennial mindset, health insurance can be life-changing for it makes the insured aware of the significance of wellness, switch them from a sedentary to a more active lifestyle, and ensure good health throughout their working life and beyond.

Luckily, millennials in urban and rural areas are becoming attentive to the risks of unhealthy lifestyles on one hand and the need to improve their physical and mental health on the other. Nowadays, increasingly people are trying to beat the negative effects of late working hours, active social life, lack of exercise, anger issues and sleep deprivation with office workouts and healthy diet, fitness regimes, regular holidays, adventure sports, and relaxation methods like meditation.

In spite of all these, however, the number of millennials who are medically insured is revoltingly derisory. About a quarter of this group does not have health insurance, and only 13% have disability coverage. And only a mere 36% have other insurance plans. That means that 64% of millennials are likely to leave their dependents in a financial hole if something unfortunate happensi.

In addition to this, with the cost of healthcare including invasive treatment skyrocketing, millennials benefit from buying insurance early in life— for the benefits overshadow the risks. For example, millennials in the age group of 22-35 get wider coverage at lower premiums. The reverse is true as one grows older.

Intending to bring millennials under the insurance protection, the Insurance Regulatory and Development Authority of India (Irdai) notified the New Health Insurance Regulations, 2016, which, amongst other things, decides premium based on an individual's age. Early insurance buyers need to

shell out lower premium rates and are entitled to no claim bonus. This step was taken to draw millennials towards insurance - and stay insured.

Going with the flow, a few insurance companies are endorsing wellness and preventive care while they push millennials to invest in insurance. They communicate with consumers and offer them information on new services and tips on how to stay healthy. They conduct health camps as well as intimate the consumers about the approaching premium renewal dates. This helps institute enduring trust and relationship between the company and the customer.

40-50 million people are under the weather at any point of time and an unrevealed number are suffering from lifestyle diseases including cardiac problems, hypertension, and diabetes. India being home to 356 million 22-37 year-olds - the largest youth population in the world - then medical insurance becomes an utter requirement. Treating ailments without ample insurance can destroy savings, put quality medical aid improbable, upshot in job loss, and leave one in debt or even destitution. A good and decent health insurance can help mitigate the blows.

Last but not least, India's future, its financial growth and affluence, lies in the health and wellness of the millennials. Following the millennials are the Gen Zs, a generation that will never know what life is without wifi. So, insurance companies should design their health care benefits strategies to better suit the unique needs of this generation along with the millennials. The trick is to get them started as early as possible.

(The writer is Anand Roy.)

TOP

Source

Govt to launch universal insurance plan tomorrow - The Tribune – 19th August 2019

The Punjab Government is all set to launch universal health insurance scheme "Sarbat SehatBima Yojana" (SSBY) on Tuesday. The government had extended the Prime Minister's Sehat Bima Yojana beyond BPL families to a total of 42.5 lakh families with effect from July 1, 2019.

Sources said the Chief Minister would launch the scheme at a function in Mohali. To make the launch a mega show, all ministers have been instructed to go to different districts for launch events.

Officials said nearly 4,000 common service centres, which would enrol the beneficiaries and extend other help, had already been established. Another 5,000 centres would be established in the coming days. The government had decided, a few months ago, to extend the PMJAY scheme to provide cashless health insurance cover of Rs 5 lakh per family per year. While the cost of the premium for 14.86 lakh families covered under the PMJAY as per SECC data is being borne by the Centre and state governments in 60:40 ratios, for the rest of the beneficiaries, including journalists, the state will bear the entire cost.

Nearly 400 private hospitals in Punjab have been empanelled. Beneficiaries are provided secondary and tertiary care treatment under the scheme, for which all public hospitals above the Community Health Centre (CHC) level are also empanelled to provide secondary and tertiary care treatment.

Scheme for scribes

The state government has brought journalists into the ambit of its recently launched flagship universal health insurance scheme 'Sarbat SehatBima Yojana' (SSBY). Around 4,500 journalists are expected to benefit from this scheme. All journalists accredited to the state government or holding yellow cards will be eligible, said an official spokesperson.

TOP

Source

High-value claims to be 32% of Modicare payout – The Times of India – 19th August 2019

Payouts for high-value claims under Ayushman Bharat over Rs 30,000 and those categorised as very high value of Rs 1 lakh and above are likely to cross Rs 2,300 crore this year as the medical insurance of Rs 5 lakh a year for poor families picks up pace. High- value claims are likely to account for 32% or almost one third of payouts.

About 36,000 households have claims exceeding Rs 1 lakh and 354 households have already exhausted the 5 lakh limit by May 2019, a data analysis by National Health Authority shows depicting a better coverage of advanced care. So far, over 9.3 crore beneficiary e-cards have been generated and over 37.7 lakh hospital admissions were recorded under Ayushman Bharat Pradhan Mantri Jan Arogya Yojana.

The mean claim size is around Rs 13,000, and half of all the pre-authorised claims are below Rs 7,000. Seven percent claims are in high value category and just 1% in the very high category since the scheme was launched last year. The NHA is working to tighten scrutiny and checking fraud, but statistics suggest most claims are in low and medium categories, in keeping with the more usual needs of beneficiaries.

Launched in September last year, the schemes intend to reach nearly 50 crore people from 10.74 crore 'deprived' families selected on the basis of SECC data. NHA's estimates high- value claims to cross Rs 1,800 crore in 2019, whereas very-high-value claims (those exceeding Rs 1 lakh) are likely to exceed Rs 500 crore. The analysis points to the need to step up efforts to reach women beneficiaries and certain states.

Trends so far reflect high-value claims are tilted towards male beneficiaries, cardiology services and cardiac surgery packages, private hospitals and brownfield states where similar schemes were running but with a lesser coverage limit ranging between Rs 50,000 to Rs 3 lakh.

The scheme's higher cap offering greater financial protection has led to coverage of more advanced care, it also points towards challenges including larger financial outlays, higher stakes in the fight against unnecessary care and fraud.

"We are pleased to note the scheme has provided effective financial protection to many families. However, we need to expand the reach of the scheme," Ayushman Bharat chief executive InduBhushan said. High-value claims are more prevalent among children under 5 years and those above 50 years, which are known to bear a higher disease burden. Beneficiaries of high-value claims are predominantly male with women accounting for only 38% of high-value claims.

(The writer is Sushmi Dey.)

TOP

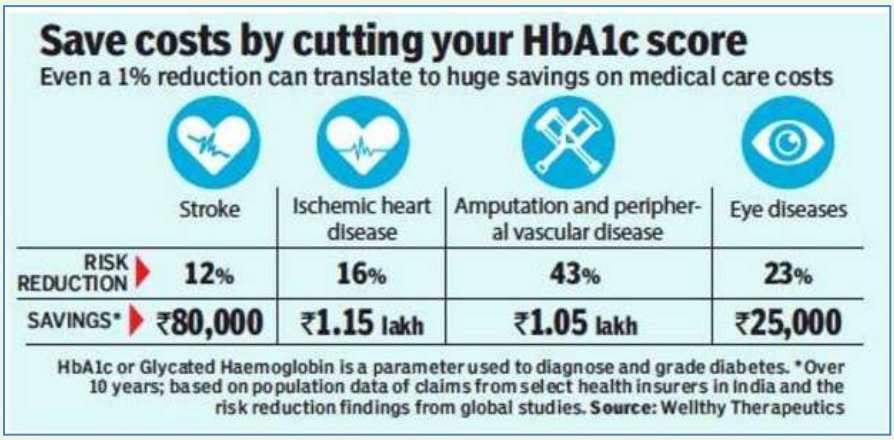
Source

Invest in health to secure your future: Here's how – The times of India – 19th August 2019

Awareness around fitness may have increased over the past few years, but Indians fare poorly on several parameters. According to a study by fitness device platform Goqii, Indians under the age of 45 saw a rise in the incidence of lifestyle diseases in 2018 compared to 2017. Incidence of diabetes rose to 5.1% from 3.6%, high BP to 9.4% from 4.9%, cholesterol to 12.1% from 5.4% and thyroid to 6.1% from 4.4%. A Cigna 360 wellbeing survey found close to 82% of Indians suffer from stress, with work, health and money being the causes.

Health is wealth

Will maintaining good health translate into monetary rewards? Would that induce more Indians to work on their fitness? Some health insurers think so. Manipal Cigna, Max Bupa and Aditya Birla Health all offer products that incentivise fitness activities.



Constant monitoring and proactive action can postpone the onset of lifestyle diseases. Take the case of 63-year-old retired banker Mahesh Nailwal. He has been practising yoga for the past two decades. "I barely need to spend money on medication thanks to my daily practice," he explains. Data from healthcare management firm Wellthy Therapeutics says a reduction of 1% in your HbA1c levels can hugely impact your savings over the long-term (see graphic).

Besides cost of hospitalisation, diabetes can reduce productivity. It is best to keep lifestyle diseases at bay by adhering to a healthy regime from a young age. The earlier you start, the higher your chances of being in a healthier state over the long-term. Much like investing in equities, it pays to start early, be systematic, and stay put over the long-term instead of looking to invest a lump sum closer to retirement.

Health insurance plus

Even if you have purchased health insurance at a young age, the premium could spiral out of control later. "At the age of 60 or 70, renewal premium for a ₹ 5 lakh cover can rise to ₹ 70,000. Many tend to terminate their policies at this stage," says Pankaj Mathpal, founder, Optima Money Managers. As a result, they are left without a cover at a vulnerable stage of their lives. "Build a separate health kitty for retirement during your working years," he adds.

Retired government employee Bhuwan Chandra Joshi, 76, sets aside ₹ 10,000 a month from his pension of ₹ 50,000 in a liquid mutual fund every month to meet contingency needs. This money can foot bills for expenses not payable under your policy and partly replace your unviable health policy if the need arises.

Beyond physical health

While planning for retirement, you not only need to identify recurring as well as one-time large expenses but also activities that can keep you fruitfully occupied. Both Nailwal and Joshi keep themselves busy by engaging in social and community service activities. Hobnobbing with others and contributing towards charitable causes can boost your overall wellbeing quotient, potentially reducing health ailments and thus, medical expenses.

(The writer is Preeti Kulkarni.)

TOP

Source

Pick bite-sized insurance policies only for small, temporary needs - The Economic Times - 19th August 2019

Small is big seems to be the latest mantra in the insurance space. Several insurers and intermediaries have recently rolled out life as well as non-life covers with bite-sized premiums through various digital channels. Max Bupa and Edelweiss Tokio have tied up with Mobikwik to offer cover for vector-borne diseases and term insurance plans, respectively. Other covers like dengue insurance, fitness insurance

and mosquito insurance are being offered by Apollo Munich and Bajaj Allianz through Toffee Insurance, an intermediary focussed on sachet covers.

Cheap premium, easy purchase

For insurers, such products are easy to place through digital platforms frequented by youngsters. The process is largely digital and does not require a proposal form or medical tests. For a generation that abhors paperwork, medical tests and elaborate processes, this is a major convenience point. "Bite-sized insurance gives a simple one-click solution to young customers. More importantly, this model helps the younger customers get accustomed to the concept of life insurance," says Sumit Rai, MD and CEO, Edelweiss Tokio Life.

PRODUCT	GROUP PLATFORM	SUM INSURED	ANNUAL PREMIUM
Max Bupa's HospiCash*	Mobikwik	₹500 per day, up to 30 days in a year; ₹1 lakh accidental death cover	₹135
Max Bupa's Vector-borne cover	Mobikwik	₹10,000 lump sum payout; ₹1 lakh accidental death cover	₹49
Apollo Munich's Fitness Insurance	Toffee Insurance	Accident cover up to ₹1 lakh	₹430
Bajaj Allianz's mosquito insurance	Toffee insurance	₹10,000-75,000 for ailments caused by mosquitoes	Upwards of ₹189
Apollo Munich's dengue insurance	Toffee Insurance	Hospitalisation up to ₹1 lakh; covers medicines and diagnostic tests	₹682
Chola MS' accident cover	Mobikwik	₹1 lakh accidental death cover	₹20
Edelweiss Tokio's group term cover	Mobikwik	Life cover of ₹1 lakh, ₹3 lakh, ₹5 lakh	₹148, ₹443, ₹738

Source: Respective companies and websites.
**Double the limit in case of ICU*

Bite-size model also allows insurance to target seasonal needs. For example, Max Bupa has tied up with Mobikwik to offer vector-borne diseases insurance to cover dengue and malaria, which is a concern in India during the monsoons. "Similarly, as we progress into winters there would be increasing incidences of air borne diseases, especially in NCR," says Ashish Mehrotra, MD and CEO, Max Bupa.

The key benefit is the nominal premium that such products typically charge. For instance, Max Bupa's vector-borne diseases cover is priced at Rs 49 and the cost of Chola MS' Rs 1-lakh accident cover is Rs 20 (see graphic). Also, the insured does not have to commit for the long term as they come with short validity. Since the premiums are small, you can choose to not renew the cover next year without incurring any major loss on premiums paid.

Sachet plans to pick from

Low costs also mean that you will get limited coverage

Should you bite it?

Such products may not burn a huge hole in your pocket or have any adverse long-term implications, but you need to bear a few things in mind before making the purchase. Foremost, do not treat them as substitutes for full-fledged, comprehensive life and health insurance covers. These covers will not fulfil all your health and life insurance requirements. For instance, a vector-borne diseases cover will not help should you need to undergo a surgery, for say appendicitis. A comprehensive health cover, on the other hand, will insure such surgeries too.

Health insurance should be purchased with adequate research as you will need it for life. Retail health covers are renewable lifelong. On the other hand, long-term availability and pricing of bite-sized products is unpredictable as they are largely sold through group platforms. The insurer and intermediary could decide to part ways later or change the terms and conditions in the subsequent years, leaving you in a lurch. As premiums are linked to age, you may find it difficult to find a cost-effective health or life cover if you postpone buying one on the back of your bite-sized cover portfolio. Likewise, banking solely on group term insurance could put your family's finances in a vulnerable position in case such situations arise.

Experts say that small covers should be picked for temporary requirements, as a supplement to adequate long term coverage. “Such covers are best attached to another purchase rather than as a standalone buy. For instance, a person booking a train ticket from IRCTC website might buy travel insurance just for that trip,” says Kapil Mehta, Co-Founder and CEO, Secure Now. com, an insurance intermediary. Rai concurs. “If an individual needs a temporary enhancement in their existing cover, these serve that need well. Alternatively, first time buyers can choose these for starters and subsequently add long-term coverage as per their need and requirements.” While they provide convenient entry points, always look to buy full-fledged life and health covers at the earliest.

Most importantly, keep an eye on the exclusions and deductibles. For example, Apollo Munich’s fitness insurance comes with a deductible of Rs 500, which means in the case of an OPD claim you will have to pay up Rs 500 before the insurer chips in with the rest. “In dengue covers there are limits on platelet count in some cases. Hospitalisation is sometimes mandatory even though dengue can be treated well at home. Hospital Cash may require a minimum number of hospitalised days to begin claims. There will be an upper cap on number of days you can claim for,” Mehta says. Don’t let the nominal premium blind you to the fine print as it can come to haunt you when you need the cover the most.

(The writer is Preeti Kulkarni.)

TOP

Source

Waiting Period in Health Insurance: Here’s all you need to know before making an insurance claim – Financial Express – 18th August 2019

Recently, Mr. Rajat Sharma, a resident of Delhi, bought a health insurance cover worth Rs 5 lakh sum insured and was very happy with his decision. He was quite aware of his lifestyle habits and family medical history which made him prone to various illnesses.

Considering the cost of treatment of those diseases, he was sure that buying health insurance cover is the best thing to do. However, little did he know that every health insurance policy comes with a defined ‘waiting period.

Just two weeks after Rajat bought the health policy, he was diagnosed with a 7.8 centimetres bladder stone and was advised to go for a Lithotripsy (surgery for removing stone). Unaware about the waiting period in his health insurance policy, he got admitted in his choice of hospital and went for the surgery thinking his insurer will take care of all the medical expenses. However, he was totally shocked when he was informed that as he hasn’t completed the initial waiting period of the health insurance, his claim would not be accepted. Unfortunately, Rajat himself had to bear all the medical expenses which included hospitalisation and surgery charges amounting to Rs 1.5 lakh.

Waiting Period – What Does It Mean

Just like Rajat, there are numerous people who buy health insurance without knowing its numerous exclusions, one amongst which is waiting period. Buying a health insurance policy does not mean that the insurer will start covering you from the very first day of buying the policy. Rather, you need to wait for a few days before making specific claims.

The time span after the purchase of the policy during which you cannot claim any benefit from the insurer is known as the waiting period in a health insurance policy. Different conditions and coverage have different waiting periods and have different rules for the same. Also, the terms and conditions of waiting period vary from company to company, though in all of the cases of medical attention, you will not get any benefit during the waiting period.

Different Types of Waiting Periods

 # Initial Waiting Period

Within 30 to 90 days of purchase of health insurance, the customers do not receive any claim benefit from the insurer in case of any form of hospitalisation; planned and emergency. In order to make any claim, the customers need to wait till 30 to 90 days after purchase of the policy.

The initial waiting period completely varies from insurer to insurer, however the minimum waiting period is at least 30 days. The only exception in initial waiting period is accidental claims wherein the claims are approved if the insured meets with an accident and requires immediate hospitalisation.

 # Disease-specific Waiting Period

There are some numerous diseases and ailments like tumour, ENT disorder, hernia, osteoporosis which come with a specific waiting period usually ranging between one to two years. The waiting period for each of these ailments is clearly mentioned in the policy details of each insurer.

Also, the various ailments that qualify for such waiting period vary from insurer to insurer. A disease-specific plan provides coverage for a specific disease including cancer, diabetes, kidney ailments, cardiac ailments, hypertension, stroke and most recently even dengue at all stages — early or advanced.

 # Pre-existing Disease Waiting Period

There is a special waiting period for some specific diseases which are declared by the policyholder at the time of purchase of the policy. Such diseases are known as pre-existing diseases and waiting period for such diseases is known as pre-existing disease waiting period. The pre-existing waiting period usually varies from 1 year to 4 years of continuous policy coverage. The time span for such waiting period depends on your medical condition and the insurer you choose.

 # Maternity Waiting Period

There are a few health insurance companies which provide maternity benefits under the policy, but with a waiting period ranging from 9 months to 36 months. Most of the maternity plans come with a 2-4 years of waiting period and it is always advised to the customers to purchase the policy early.

However, there are some insurers that offer lower waiting period but in return charge additional premium. Maternity benefits can't be claimed within the waiting period window.

 # Need for Waiting Period in Health Insurance

The clause of waiting-period in health insurance is implemented to avoid wrong intention of a person to claim benefit under insurance plan. There had been instances where customers without any health insurance, after being diagnosed with a specific disease purchased a health insurance without disclosing the disease to the insurer. So, in order to avoid such unethical practices, the concept of waiting period is implemented in health insurance cover.

 # IRDAI's Notifications on Waiting Period

The working group recommends that insurers may be allowed to incorporate waiting periods for any specific disease, condition to a maximum of 4 years.

Further, waiting period for conditions namely, hypertension, diabetes, cardiac conditions may not be allowed for more than 30 days. With many people suffering from conditions such as hypertension, diabetes, this move will be of great help.

(The writer is Amit Chhabra, Head-Health Insurance, Policybazaar.com)

TOP

Source

CROP INSURANCE

Insurance claims of Haryana farmers pending since FY17 - The Tribune – 22nd August 2019

For over 6,700 Haryana farmers, mismatch in data compiled by banks has resulted in delay in settlement of insurance claims from the insurance companies under the Pradhan Mantri FasalBima Yojana (PMFBY). Some of the claims are pending since 2016-17 despite the fact that the dues should be paid within two months from the end of harvest, which means the kharif 2018 claims should have been paid latest by January 2019.

According to state government officials, most of the complaints are related to difference in the insured area mentioned in the bank records and the insurance companies due to clerical mistakes committed at the bank level. Farmers who have suffered crop losses in 2016-17, 2017-18 and 2018-19 are yet to receive insurance compensation because of these mistakes.

Banks deduct the insurance premium from loanee farmer's account. According to the officials, since banks are given 4% commission for enrolling and entering the details of the insured farmers, these types of mistakes should not happen.

Taking cognizance of the matter highlighted in a bankers' meeting recently, the state government has asked the insurance companies to settle the claims as soon as possible.

"As the beneficiaries are the same and there is no dispute with regard to the identification of the farmers, their accounts, crop sown and loss, we fail to understand why these insurance companies are rejecting their claims," said Haryana Additional Chief Secretary (Finance & Planning) TVSN Prasad said while addressing the bankers and insurance companies.

To avoid further confusion, the committee has requested the controlling heads of the banks to sensitise their field functionaries to ensure correct feeding of the data on the PMFBY portal to avoid rejection of claims. Also, to avoid such situation in future, banks will send SMS containing crop, area, premium amount, address and land record on the farmers' mobile number for their consent and validation.

The annual outgo as insurance premium from the state is around Rs 750 crore which comprises the share of farmers, state and the Centre for both the seasons — kharif and rabi. The farmers pay 2% of the sum insured as a premium while the rest is borne by the state and Centre under the scheme. Under the kharif season, the state has notified four crops — cotton, paddy, bajra and maize — while under rabi, it has notified five crops — wheat, barley, mustard, gram, and sunflower.

Since the inception of the scheme, around 8.40 lakh farmers in the state have received Rs 1,933 crore as claim while the total premium paid to the insurance companies by all stakeholders was Rs 1,399 crore. Out of the total premium, the farmers' share was Rs 535 crore.

Pradhan MantriFasalBima Yojana
Insured farmers
Kharif crops: 8.25 lakh to 8.50 lakh
Rabi crops: 7.50 lakh to 7.90 lakh
Claims pending: 6,700 since 2016-17

(The writer is Vijay C Roy.)

Source

TOP

Govt. announces crop loan waiver, no power charges in flood-affected areas – The Hindu – 20th August 2019

Chief Minister Devendra Fadnavis on Monday announced a set of relief measures for the flood-affected areas of the State.

Mr. Fadnavis, who chaired a review meeting of the Cabinet Sub Committee, ordered constitution of an experts' panel under the former water resources secretary, Nand kumar Vadnere, to look into the causes of floods.

The State government decided to give a loan waiver on flood-affected crops up to one hectare while agreeing to pay off some of these loans by itself. Those with no loan would be given a compensation three times the amount given for normal crop damage. "We will also not recover electricity charges on farmlands for the next three months," Mr. Fadnavis said after the meeting.

The committee also announced re-construction of damaged houses under Pradhan Mantri Awas Yojana. Mr. Fadnavis said a financial help of ₹24,000 for rented accommodation in rural areas and ₹36,000 in urban areas will be given those who have no roof over their heads or until their houses are rebuilt. The government will also provide construction material free of cost to those deciding to rebuild their houses on their own.

The Cabinet Sub Committee has ministers Chandrakant Patil, Girish Mahajan, Eknath Shinde, Subhash Deshmukh, Ravindra Chavan, and SadabhauKhot as members among others.

The State had already decided to pay ₹16,602 as compensation for destruction of a concrete house while approving ₹5,200 for partial damage.

Meanwhile, ₹4,000 will be compensated for a hutment. An estimated 23,000 houses have been completely destroyed while others have been partially damaged. Officials said the government has approved ₹222 crore for rebuilding houses and may eventually tap into schemes such as Ramai Awas Yojna and Shabri Gharkul Yojna.

The State Cabinet had announced ₹6,813 crore assistance for the flood-hit people, of which ₹4,708 crore was allocated to Kolhapur, Sangli and Satara, and ₹2,105 crore for Konkan region and Nashik.

(The writer is Sharad Vyas.)

Source

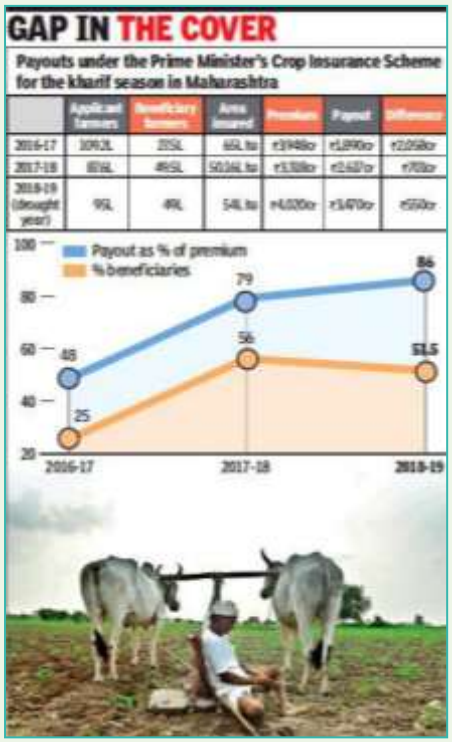
TOP

Maharashtra: Even in drought year, premiums more than insurance payouts to farmers – The Times of India – 19th August 2019

Premium paid to insurance companies has outstripped compensation to farmers during the kharif season in all three years of the Prime Ministers Crop Insurance scheme (PMFBY) in Maharashtra, latest data shows. This was true even for 2018-19—a drought year with over 40% of the state's talukas affected by a water crisis.

Premium paid to insurance companies in kharif season over the past three years totalled Rs 11,286 crore while compensation paid to farmers for crop losses was Rs 7,977 crore. This is a difference of Rs 3,309 crore. Kharif, sown during monsoon, is the main crop in Maharashtra. In the kharif season of the drought year of 2018-19, there was a gap of Rs 550 crore between the premiums paid to insurance companies and payout to farmers. Premium paid to insurance companies was Rs 4,020 crore and compensation paid to farmers Rs 3,470 crore.

The number of farmers compensated for the 2018-19 kharif season is 49 lakh, almost on par with 49.5 lakh who got compensation for crop losses in the same period of the previous year. Only 51.5% of the farmers who applied for crop insurance were compensated for the ' 18-19 kharif season.



Officials, though, say the state has fared well under PMFBY. "Although there was a drought in 2018-19, the rabi season was affected much more than kharif. During the kharif season, both sowing and productivity were high. Those who suffered crop losses received insurance," said state agriculture secretary Eknath Davale. He said the percentage of compensation paid to farmers as a share of premiums has improved post the scheme's 2016 launch.

Critics such as Marathwada-based activist Rajan Kshirsagar, though, say the very design of the scheme goes against farmer interests. "Insurance companies are getting huge premiums from the government but the bulk of insurance claims from farmers are rejected," he alleged.

The scheme follows an area-based approach, and the unit considered in the state is a revenue circle. "In order to qualify for compensation, the farmer will have to report a yield which is less than the average yield of the revenue circle. So, if an individual farmer has suffered losses but the yield of a revenue circle is high, it is difficult for him to get compensation," said Kshirsagar.

Officials say both the state and insurers take a higher risk under the PMFBY. "In the earlier National Agriculture Insurance Scheme (NAIS), the insurance company's liability was capped at the amount of premium. Under PMFBY, the payout is capped at 350% of premium," said one. Under NAIS, a farmer paid the premium. Under PMFBY, the payout is capped at 350% of premium," said one. Under NAIS, a farmer paid the premium. Under PMFBY, a farmer pays 1.5% of the sum insured for kharif crop and 2% for rabi. The remaining premium is equally divided between the Centre and the state. Officials say premiums are bound to be higher than payouts in a good year. "After all, insurance payouts will be high only when there is crop loss."

Meanwhile, a public sector insurance company official said crop insurance is in the nature of a catastrophe cover. A period of a year or two cannot be used to determine the experience. "Premium has been scientifically calculated taking into account possibility of crop failure and its impact. When there are claims, they occur across a whole region. As these are low-frequency events, claims cannot be revised annually."

(The writer is Priyanka Kakodkar.)

TOP

Source

Govt may tweak farm insurance scheme for crops - Hindustan Times – 17th August 2019

The Modi government is considering major changes to its flagship farm insurance scheme, the Pradhan Mantri Fasal Bima Yojana, including an entirely new model of agricultural insurance in the country and making the programme optional for farmers availing farm loans, as messy implementation and delayed payouts have stoked farmers' angst.

The government hopes making the scheme voluntary will remove a major gripe of farmers with agricultural loans, for whom buying a crop-insurance plan is mandatory, and whose share of premium is automatically deducted from their sanctioned loan amounts, while compensation is often delayed.

The scheme is already voluntary for those farmers who don't avail loans.

Although several changes to better implement the scheme have already been made since its launch in 2016, delayed payouts, verification of claims, and disputes continue to be big hurdles.

The central government wants to move towards a so-called "risk-pool mechanism", it told states in a letter last month, asking for their views, an official said requesting anonymity.

The version of "risk-pooling system" of insurance that has been proposed will give the government a far greater control of key variables, from fixing premiums to payouts, this person explained.

In the actuarial business, risk-pooling is a standard practice in many insurance regimes, especially in public and private health care insurance. The agriculture ministry has reviewed global insurance best practices, in which it was assisted by the World Bank, the official cited above said. The model being looked at is one similar to that of national farm insurance schemes in Spain and Turkey.

Under typical risk-pooling systems, all risks (or premiums of individuals covered) are aggregated in a common kitty, which allows for higher costs of riskier people to be offset by the lower costs of the less risky. Larger risk pools are said to create more stable premium regimes and predictability of risks.

The government will create a pool, run by a state agency, where all participating insurance firms will transfer their risks. The pool will be run by an agency created by the government. The pool's board will have government oversight. "We have also proposed that high-premium crops be totally taken out of the scheme," the official said.

A state-run agency that will administer the risk pool will likely fix premium rates. Insurance firms will still undertake normal functions such as collecting premiums. For this, they will only quote, through bidding, an administrative charge. Crop insurance, currently mandatory for any farmer with a farm loan, is subsidised by the government. Farmers pay between 1.5% and 2% of the premium, while the rest is shared equally between states and the Centre.

According to farm economist Ashok Gulati, who analysed the scheme's performance in his study 'Supporting Indian Farms the Smart Way', the government needs high-end technological fixes, including satellite-based assessments, to quickly estimate and verify crop damage to remove delays in paying compensation to farmers.

"The agency that maintains the pool decides the premium rates for all crops everywhere and companies quote the administrative rates they'll charge for implementing the scheme. They don't quote premium pricing," the official said.

The government is experimenting with big data analytics, artificial intelligence (AI) and machine learning through the Mahalanobis National Crop Forecast Centre to speed up the assessment of crop damage. It has also brought in measures such a penalties and fines for insurance companies for delaying payment to farmers.

However, delay in estimating crop damage and disputes over claims are still holding the scheme back. Under a new rule introduced in October 2018 (which took effect in January 2019), insurance companies are liable to pay fines for delaying payment of crop insurance claims.

About eight insurance companies were fined around ~16 crore (in total) for various payment delays for outstanding claims owed to farmers amounting to nearly ~530 crore until March 31, 2019. Currently 18 companies are empanelled to offer farm insurance. Of these, five are state-owned. The share of crop insurance business with state-owned firms is 52%.

(The writer is Zia Haq.)

Source

TOP

MOTOR INSURANCE

From September, car owners will have more flexibility in choosing their insurers - The Telegraph – 19th August 2019

Come September and owners of passenger cars and two-wheelers will have the option to select their insurer while buying or renewing their motor insurance policy.

A comprehensive motor insurance policy has two parts — third party liability (TP) and own-damage (OD) cover. Third-party liability does not provide any benefit to the insured. But it covers the insured's legal liability for death/disability of the other individual and loss or damage of property of that person. The own damage part covers any damage caused to the vehicle of the insured.

According to the regulations, it is mandatory for any vehicle owner to have a TP insurance. So far, there is a choice for the vehicle owner to buy a standalone TP liability policy or a comprehensive policy from the same insurance company. This is set to change. The vehicle owner now has the option to have third-party and own-damage covers from different insurers.

Insurance industry regulator IRDA, in a circular dated June 21, 2019, said from September, insurance companies will offer standalone annual OD cover for cars and two-wheelers, both new and old.

This means an insurance company will offer three types of motor insurance policies — a standalone TP policy, a standalone OD policy and a comprehensive policy bundling both TP and OD cover.

"Policyholders have the option to renew the own-damage component of a bundled cover falling due on or after September 1, 2019, with the same insurer or a different insurer on an annual basis," IRDA said in its circular.

The Supreme Court order

The genesis of the IRDA directive could be traced back to the Supreme Court order of 2018. The apex court in an order dated July 20, 2018, made it mandatory that the third-party insurance cover for new cars should be made available for a period of three years and for two-wheelers for a period of five years.

"The decision should be implemented from September 1, 2018 on all policies sold," the court had said.

"Customers often forget to renew their policies on time and, hence, all accidental damages become their personal liability," Dhirendra Mahyavanshi, co-founder, Turtle mint, said while explaining the benefit of having long-term motor insurance policies.

After the Supreme Court order, in August 2018, IRDA came out with a circular where it said that insurance companies will have to comply with the court directive.

The regulator, however, allowed insurance companies two choices — offers a long-term package (3 years TP+3 years OD) for new cars and (5 years TP+5 years OD) for two-wheelers. The other choice was a bundled package (3 years TP+1 year OD) for new cars and (5 years TP+1 year OD) for two-wheelers. The bundled package was allowed because the long-term package was becoming costly for buyers.

So, majority of the policyholders who bought their vehicles after September 2018 opted for the bundled package. As a result, the own-damage part of the policy is now coming up for renewal and clarity was needed.

"With this new regulation, customers can now buy the OD component separately and have the choice to buy from a different insurer as well, provided he submits the valid TP policy documents and details. To ensure its compliance, the OD policy document needs to carry the name of the insurer, policy number and the start date and end date of the TP policy," said Neeraj Prakash, MD and CEO of Shriram General Insurance.

"Standalone own-damage plans are apt for bikes and cars with existing TP coverage. This has been introduced for people who have already bought a 3+1 policy with a three-year third-party plan and one-year own damage plan and need to renew only their OD coverage," said Mahyavanshi.

A bag of choices

Let's now take a quick look at the options before vehicle owners.

Only TP policy: A vehicle owner can have an only TP policy. The regulator fixes the premium of the cover. For instance, effective from June 16, 2019, the premium for a 1-year TP cover for private cars with engine capacity of 1000cc-1,500cc is Rs 3,221. For two-wheelers of 75-100cc, the premium is Rs 752.

The same cover for a three-year policy for cars of same engine capacity is Rs 9,534. A five-year policy for a two wheeler of same engine capacity is Rs 3,285. For new car owners, its mandatory to buy a long term TP policy (three years for cars and five years for two-wheelers). Separate TP and OD policies: With the new guidelines in place, after September, the vehicle owner can have separate TP and OD covers either from the same insurer or from different insurer. This flexibility was not previously available.

Bundled policy: For new vehicle owners, it is mandatory to have a long-term TP cover of three years for cars and five years for two-wheelers. A bundled cover gives the option of buying a one-year OD cover in addition to the TP cover from the same insurer.

Long term policy: This offers both TP and OD insurance for new cars (three years each) and two-wheelers (five years each). IRDA, through another circular dated July 11, 2019, has clarified that long-term policies will be offered only to new private cars and two-wheelers and not for renewal of existing policies or old vehicles. Those looking for renewal of polices will have the usual option of a one-year TP and OD policies.

(The writer is Pinak Ghosh.)

Source

TOP

SURVEY & REPORTS

Ayushman reimbursement for private hospitals short of costs incurred: FICCI/EY report - The HinduBusiness Line – 20th August 2019

The current procedure costs prescribed by the government's cashless health insurance scheme — Pradhan Mantri Jan Arogya Yojana (PM-JAY) or Ayushman Bharat — are at times just half that private hospitals incur, according to a report by the Federation of Indian Chambers of Commerce and Industry and EY .

According to the report, a comparison of the cost of select procedures and the reimbursement tariffs offered under Ayushman Bharat shows that only 40-80 per cent of the total cost is covered by the tariff and this is lower than the variable cost (which includes cost of materials - drugs, consumables, implants, patient food, linen and clinician payout).

Package rates

While a coronary artery bypasses surgery costs between ₹1.8 and ₹2 lakh, the package rate quoted in PM-JAY is ₹1.04 lakh. Similarly, for an angioplasty, PM-JAY offers a rate of ₹75,000, while the report states that private hospitals charge anything between ₹90,000 and ₹1.1 lakh. For knee replacement, PM-JAY quotes ₹92,000, while it costs anything between ₹1.85 lakh and ₹1.95 lakh for private players.

"Existing private tertiary care hospitals looking at improving capacity utilisation through empanelment with the Ayushman Bharat scheme are likely to witness a significant drop in profit margins and return on capital employed even beyond the current dismal levels if their current operating model remains unchanged," said the report.

While private players mull optimisation of costs, the Centre is considering revising the package rates. Official sources indicate that the government will announce the rate revision only after September.

The report also said that while an additional 3.5 lakh beds will have to be added to meet the demands of PM-JAY at a total capital investment of ₹1-lakh crore, current hospital operators, even after optimisation of costs, will not be in a position to increase bed allocation by more than 25 per cent for PM-JAY patients.

Investment support

Any further increase in the allocation of beds towards Ayushman Bharat, while maintaining the performance levels will be possible through investment support such as viability gap funding, it said.

It is expected that with the allocation of only 25 per cent of capacity to PM-JAY patients, multi-speciality accredited hospitals are likely to witness a 15-25 per cent decline in average revenue per occupied bed per day, a 25-50 per cent fall in EBITDA and a 35-60 per cent drop in the Return on Capital Employed if no change is undertaken by them in their operating model.

The private healthcare sector is currently witnessing worsening performance in terms of both profitability and ROCE, the report said. In order to set that right, the report recommended that private hospitals will have to focus on driving 30 per cent plus efficiency improvement across major cost heads by redefining their business models and cost structures. For example, hospitals have to consider supplier consolidation, look for generics drugs, practice direct buying and so on. Instead of using imported drapes and gowns, hospitals can procure local disposable or reusable gowns.

TOP

Source

INSURANCE CASES

Supreme Court Enhances Compensation in Motor Accident Claim – India Legal – 21st August 2019

The bench of Justices Indu Malhotra and Sanjiv Khanna on 16th August 2019 in SunitaTokas&Anr. Versus New India Insurance Co. Ltd. &Anr reiterated that age of deceased is material in deciding enhancement of compensation granted by Motor Accident Claims Tribunal, Patiala House Courts, New Delhi.

The son of the Appellants viz. Pradeep Tokas 21 years was a student who was a trained swimmer, and had won prizes in State level events. On 11.05.2004, he met accident with truck while sitting on a two-wheeler. The truck was standing in the middle of the road without any indicator lights on. The twowheeler dashed against the stationary truck, and both Pradeep Tokas and the driver died on the spot.

The Appellants filed the Claim Petition before the MACT, Patiala House Courts, New Delhi claiming compensation on the death of their son. The MACT vide Award dated 25.05.2009 granted compensation of Rs. 14, 87,140/ along with interest @7% p.a. to the Appellant Claimants. The Aggrieved by the aforesaid Award Appellants filed before the Delhi High Court for enhancement of compensation. The Respondent – Insurance Company also filed a cross appeal for reduction of compensation. The High Court reduced the amount of compensation awarded by the MACT to Rs. 9, 25,000/.

Aggrieved by the aforesaid Judgment, the Appellant–Claimants filed the present Civil Appeal for enhancement of the compensation awarded. Court relied on **Amrit Bhanu Shali &Ors. v. National Insurance Co.** wherein the apex court had held that the selection of multiplier is based on the age of the deceased, and not on the basis of the age of the dependants. There may be a number of dependants of the deceased, whose ages would vary. Therefore, the age of the dependants would have no nexus with the computation of compensation. In the present case, since the deceased was 21 years old, the Multiplier of 18 was applicable as per the table set out in the **Sarla Verma case.** Court said the High Court had erred in reducing the notional income of the deceased from Rs. 16,246/ as awarded by the MACT to Rs. 7,500/. The Court held that the deceased was a trained swimmer who had won several State level competitions. His mother runs a Swimming/Gym Centre at Air Force Station (Central School), Gurgaon. Therefore, the deceased certainly had the potential to earn a living by utilizing his skills.

In such circumstances, we deem it appropriate to fix the notional income of the deceased @Rs. 12,000/ p.m., the compensation awarded to the Appellants was enhanced as follows :

i) Income :	12,000/
ii) Future Prospects :	4,800/ (i.e. 40% of the income)
iii) Deduction towards personal expenses :50%	
iv) Total income :	8,400/ (i.e. 50% of12,000 + 4,800)
v) Multiplier :	18
vi) Loss of futureincome :	18,14,400/ (i.e.8,400 x 12 x 18)
vii) Loss of love and affection :	Rs. 2,00,000/
viii) Loss of estate and funeral expenses :Rs. 50,000/	
Total :	Rs. 20,64,400/
Enhanced amount :	Rs. 11,39,400/ (i.e. 20,64,400 – 9,25,000)

The Court thus directed the Insurance Company to pay the enhanced amount of Rs. 11, 39,400/ to the Appellants within 1 month from the date of judgment.

TOP

Source

Fake insurance scam: SIT nabs co investigator – The Times of India – 21st August 2019

Haryana police's special investigation team (SIT) has arrested a close aide of Sonipat-based advocate Pawan Kumar Bhoria, described as the kingpin of the scam in which insurance claims were made for deceased cancer patients by "proving" their deaths to have been caused by road accidents.

The SIT arrested Rajesh Kumar, a resident of Rai who worked as an investigator for insurance firms. Rajesh had been on the run since April 19 when the STF had exposed the scam. He was produced in a Sonipat court, which sent him to police remand.

SIT deputy superintendent of police (DSP) Shamsher Singh said Rajesh was not only a close confidant of Bhoria, but had also planned the scam.

In his late 40s, Rajesh has agencies of various insurance companies. He used to confirm reports at the time a person bought insurance and also used to verify claims filed by kin of the deceased. "This was an important arrest. Besides ascertaining details of other accused, we have to recover certain evidence related to the case so we had sought police remand for him," said another SIT member.

Rajesh is 14th person to be arrested in the case. Ambuj Jain, a doctor based in Sonipat, was the last person to be arrested. His interrogation in July led to getting details about involvement of three more doctors in the scam. DSP Singh said cops were verifying their involvement in the scam.

(The writer is Manvir Saini.)

TOP

Source

3 held as fake insurance racket busted in Patiala - The Tribune – 20th August 2019

A day after the police busted a gang involved in cheating bank customers; it has now arrested three members of another gang involved in defrauding people by promising good returns from fake insurance schemes. The gang members had connived to dupe a city resident of more than Rs 49 lakh on the pretext of investments in various funds and insurance companies.

Briefing media persons, SP (Investigation) Harmeet Singh Hundal said a team arrested three members of the gang following a complaint by retired teacher Lakha Singh, a resident of Banbhori village in Sangrur.

"In 2014, a girl offered Lakha Singh an insurance policy in HDFC Bank for three years. After some days, the girl again called him up. She told Lakha Singh that if he invested Rs 20,000 in 'Power-99 scheme', it will ensure a monthly pension for him. Consequently, he deposited the money," said Hundal.

Initially, Lakha Singh's returns were regular. "Within six months, he invested Rs 49.25 lakh in various schemes. His money was deposited in dubious accounts and withdrawn," said the police.

The police arrested Gagan Sachdeva of Ambala Cantonment and Amit Kumar of Japur, who were sent on a eight-day police custody. The third accused, Deepesh Goyal, who runs a call centre in Chandigarh is yet to be produced in the court after his arrest on Tuesday. The accused have told the police that they would target persons with good bank balance and after getting initial details, Deepesh would ask his call centre staff to talk to customers about investments.

"The call centre would employ youngsters who would offer products and investments to consumers. We are trying to verify if the staffers were also involved in the scam or were not aware of the modus operandi of the gang," said Hundal.

"They had opened many fake companies and would take out the money using multiple bank accounts. While Deepesh kept 60 per cent of the profit, the other two accused pocketed 20 per cent each," he said. A case has been registered at the Division Number 2 police station.

TOP

Source

Mumbai: Bogus health insurance website busted - The Economic Times – 20th August 2019

A leading third party administrator (TPA) company recently lodged a police complaint alleging that a bogus website is using its logo and Insurance Regulatory and Development Authority (IRDA) licence number, and duping people by providing fake health insurance policies and healthcare products.

The fraud came to light after a few people who were allegedly duped approached the TPA Company and informed it about the fraud.

The police claim that it appears to be a larger racket wherein people have been duped on the pretext of providing them bogus policies by using details of a TPA company.

The complaint was lodged by one MB Hadawle from Nariman PointbasedHealthIndia Insurance TPA Services on August 13. The company provides benefits of quick cashless hospitalisation for the insured and faster mediclaim settlement. The role of the company is to coordinate with hospitals on treatments and pass bills on behalf of insurance companies.

“On April 9, the company received an email from one Surendra Vijay, who informed it of a website using its IRDA license number and logo. Vijay said he had taken a policy from the said website, but on not receiving the policy number, he had requested for policy cancellation and refund. When he did not get his refund, he learnt that the said website was bogus,” said an officer from Cuffe Parade police station. On checking the website, the company found that the website had also flouted IRDA guidelines, which state that a TPA company can neither advertise insurance policies nor sell them.

(The writer is Somendranath Sharma.)

TOP

Source

Mumbai: Scamsters use fake website to sell bogus insurance policies; case filed – DNA – 20th August 2019

General manager of a medical insurance company has lodged a police complaint at Cuffe Parade police station stating that an unknown accused had allegedly prepared a fake website using the license number and the logo of his company and falsely selling fake medical insurance policies to the people in order to dupe them.

General Manager of a medical insurance company has lodged a police complaint at Cuffe Parade police station stating that an unknown accused had allegedly prepared a fake website using the license number and the logo of his company and falsely selling fake medical insurance policies to the people in order to dupe them.

The complainant identified as Mahendra Hadvade (39) who handles the accounts and finance department of Health India Insurance TPA company told the cops that the incident came into light after a person who had paid for the medical insurance policy from the bogus website realised he was duped, so he mailed to the original company alerting about the fraud.

According to the police, the said company had a total of 38 branches across the country and two branches in Mumbai and it has been officially licensed by the Insurance Regulatory and Development Authority (IRDA) and it works under the terms and conditions provided by the latter.

"On April 9, this year the official e-mail id of the company crm@healhindiatpa.com received a mail from a person who introduced himself as Surendra Vijay. The mail stated that a website named healthcare.in was being operated online which used the same license number provided by the IRDA and the logo of the original company and it was selling fake medical insurance policies to people by accepting payments. Vijay too had taken a policy, but he did not receive the policy number after which he realised that he was conned. He sent frequent mails to the original company in order to alert them about the fraud and when the company looked into the matter, it was discovered that a bogus website and an online page was created by the fraudsters who used the license number, logo and the details of the company branches for its page."

The executives of the fake company used to get in touch with the victims over WhatsApp and would ask for payment of premium on bank accounts for those policies which never existed. Police has been

registered case under Section 420, 465, 468 of the IPC and Section 43, 65, 66c and 66d of the IT Act and further investigation is underway.

Online Con
The executives of the fake company used to get in touch with the victims over WhatsApp and would ask for payment of premium for policies that never existed

The bogus website had put up an advertisement about health insurance plans and healthcare products
After more people approached the police, a case has been registered

(The writer is Dhananjay Khatri.)

TOP

Source

Insurance firm to pay for service deficiency – The Times of India – 19th August 2019

Holding ICICI Lombard Motor Insurance accountable for deficiency in service for non-settlement of an accident policy, consumer disputes redressal forum-II in Visakhapatnam ordered the insurance firm to pay Rs 1 lakh claim to a widow for the death of her husband in a road accident. The forum has also asked the firm to pay Rs 10,000 as compensation.

The claimant, Senapathi Venkata Lakshmi (37), a native of M Koduru, told the forum that her husband Senapathi Raja Rao had obtained a motor insurance policy (comprehensive) for his two-wheeler from ICICI Lombard by paying a premium of Rs 1,696. Venkata Lakshmi is the nominee of the policy.

On June 5, 2018, Raja Rao met with an accident and died while travelling on his motorcycle. Following his death, Rao's wife filed a claim of Rs 1 lakh with the firm. The insurance company rejected the claim, citing that Venkata Lakshmi did not submit the claim form with relevant documents along with her husband's valid and specified class of driving licence.

The forum noted that Venkata Lakshmi had filed the first information report (FIR), postmortem and inquest reports for settlement of the claim, but the insurance firm had claimed that the complainant had not submitted the relevant documents. Therefore, the forum held the firm guilty of deficiency in service.

TOP

Source

PENSION

EPFO approves changes in Employees' Pension Scheme to restore commutation of pension - Financial Chronicle – 22nd August 2019

Providing relief to 6.3 lakh pensioners, retirement fund body EPFO has approved a proposal to restore commutation, or advance part-withdrawal, under the Employees' Pension Scheme.

The move would benefit the pensioners who had opted for commutation and got a lump-sum amount at the time of retirement before 2009. The provision for commutation of pension was withdrawn by the EPFO in 2009.

Under the commutation, monthly pension used to be cut by one-third for the next 15 years and the reduced amount would be given in lump sum. After the 15 years, the pensioners were entitled to get the

full pension. "In a major decision, the (EPFO's apex decision-making body) Central Board of Trustees (CBT) in a meeting held at Hyderabad on August 21, 2019, approved proposal to recommend for amendment in EPS-95 for restoration of commuted value of pension to pensioners after 15 years of drawing commutation, which will benefit about 6.3 lakh pensioners," according to a statement by the EPFO.

Bharatiya Mazdoor Sangh General Secretary Virjesh Upadhyay told PTI that there was a demand for restoration of commutation of pension. "Earlier under EPS-95 (Employees' Pension Scheme, 1995), members were able to commute one-third of their pension for 10 years, which was restored after 15 years. This facility is available to government employees."

In the matter of coupon default of IL&FS Ltd, the CBT also nominated three officers of investment division of EPFO to attend the debenture holders' meeting that may be held in future and if need be, vote on behalf of the CBT. Moreover, the trustees approved the decision to choose the exchange-traded fund (ETF) manufacturers through public bidding by October 31, 2019, and extended the term of the present ETF manufacturers (SBI MF and UTI MF) till then.

The CBT also approved the proposal to divide the fund allocation equally (in the ratio of 50:50) between Nifty 50 and Sensex ETFs.

The board also approved the nomination of members from employers' and employees' side in a committee constituted to select and appoint a separate agency or consultant in addition to Crisil, to review the working of portfolio managers, and assist the investment committee in redemption of ETFs, among others.

The EPFO has a total investment of Rs 2,300 crore in Gujarat State Petroleum Corporation's (GSPC) non-convertible debentures (NCDs).

The CBT has approved the transfer of GSPC NCDs to Gujarat State Investment Ltd, a wholly-owned subsidiary of the Government of Gujarat and a better-rated company which had made an offer to take over debt of GSPC with budgetary support of the Gujarat government. The CBT also approved the decision to withhold any further investment in private sector companies' bonds and to compulsorily consider one of the two required ratings necessarily from Crisil, Care, Icra and India Ratings for investments in the public sector undertaking bonds category.

TOP

Source

NPS allows you to invest through credit cards. How to do it – Mint – 22nd August 2019

The government recently changed income tax laws to make NPS or National Pension Scheme more attractive. On retirement or reaching the age of 60, an NPS subscriber can withdraw 60% of the corpus and it will be exempt from income tax, as compared to the 40% limit earlier. Contribution towards your NPS account can be made both online or offline. If you are making the contribution online, you have the option of making the payment through credit cards. But do note the charges. NPS also allows you to make contribution through other modes like debit cards and internet banking.

To make NPS contribution through credit card or other modes, log into your NPS account by entering user id and password. Then select the 'Transact Online' tab and then select 'Contribute Online'.

Subscribers can opt to contribute through eNPS. They will be redirected in a new tab to eNPS website for making online contribution. (Subscribers can also go directly to the eNPS website if you wish to.)

Then subscribers will be asked to verify/enter their PRAN (Permanent Retirement Account Number) and an OTP will be sent to the subscribers through email/SMS.

After they enter the OTP, NPS subscribers need to select account type (Tier I or Tier II) and enter the amount. They will be taken to payment different options: credit card, debit card and internet banking.

Before you make payments, note the transaction charges (Net Banking: ₹0.60 per transaction + GST@18%; Debit Card: 0.80% of the transaction amount + GST@18%; Credit Card: 0.90% of the transaction amount + GST@18%). Also, note that payment through debit card is only up to ₹2,000, says eNPS website.

Also note that POP (or point-of-presence service provider) trail commission will be applicable on the contribution amount @ 0.10% (subject to minimum of ₹10 and maximum of ₹10,000 per transaction). This charge will not be applicable for subscribers registered in eNPS through Aadhaar, says eNPS website.

Contributions are credited into NPS accounts on T+2 basis or trade date plus two days.

NPS contribution through app

NPS subscribers also have the option of making contribution online through NPS apps. The NPS app gives subscribers an option to directly make contribution without logging in by entering their PRAN.

Every year, an NPS subscriber has to contribute a minimum of₹1,000 towards Tier I account.

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IRDAI CIRCULARS

IRDAI issued guidelines on operational issues pertaining to Regulatory Sandbox.

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Notifications regarding IRDAI (Regulatory Sandbox) Regulations, 2019 is available on IRDAI website.

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IRDAI issued circular regarding guidelines on Insurance Claims of victims of recent floods (August 2019) in parts of Gujarat.

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Source

IRDAI issued circular regarding guidelines on Insurance Claims of victims of recent floods (August 2019) in parts of Kerala.

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IRDAI issued notification regarding IRDAI (Re-insurance Advisory Committee) Regulations, 2019.

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Gross direct premium underwritten for and upto the month of July, 2019 is available on IRDAI website.

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GLOBAL NEWS

Indonesia: Credit insurance helps push non-life market growth – Asia Insurance Review

The general insurance market grew by 20.6% to IDR39.95tn ($2.8bn) in terms of gross premiums in the first half of this year, compared to the corresponding period last year, according to data from 75 general insurance companies compiled by the Indonesian General Insurance Association (AAUI).

Head of AAUI statistics, research, IT and actuarial analysis, Ms Trinita Situmeang, told *Kontan* that gross premium income in 1H2019 grew across all business lines except offshore energy and liability insurance.

She pointed out that bank lending in the first half of this year saw growth of 11.1%, which resulted in increased credit insurance business. The biggest classes of business in the first six months of this year were: property insurance (26.55% market share), motor insurance (23.2%) and credit insurance (14.4%).

This represented a shift from 2H2018 market composition which had the largest contribution from motor insurance (27.8%), followed by property insurance (25.2%) and personal accident and health insurance (10.2%).

Motor insurance sales were flat in 1H2019 due to less buoyant motor vehicle sales. Motor premiums reached IDR9,28tn in the first six months of this year, marginally higher than the IDR9,21tn seen in 1H2018. Even though total premium income grew by double digits, Ms Trinita said that gross claims had also increased. In 1H2019, gross general insurance claims totalled IDR16.44tn, 27.7% higher year on year.

TOP

Source

Vietnam: Insurance market eyes 20% growth this year -Asia Insurance Review

The Vietnamese insurance sector has targeted a growth rate of 20% for this year, according to the Vietnam Insurance Association. Mr Bui Gia Anh, the association's general secretary, said that the insurance market had maintained its strong growth so far this year. In the first half of this year, the growth rate exceeded 20%.

He said that mechanisms and policies for the insurance industry are nearly complete while insurers have become more competitive and effective.

Top 10 prestigious insurers

The Viet Nam Report Company earlier this month announced a list of the 10 most prestigious life insurance companies in the country for this year. The list includes Bao Viet, Prudential, AIA, Dai-ichi Life, Manulife, Chubb Life, Sun Life, Hanwa Life, Cathay Life and Mirae Asset.

The most prestigious non-life insurers are Bao Viet, PVI, Petrolimex, PTI, Bao Minh, BIC, VietinBank, MIC, Liberty and Aviation Insurance.

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Source

Philippines: Government urged to provide mandatory crop insurance - Asia Insurance Review

To help local farmers cope with damaged crops and their associated costs, the Philippine government is urged to provide mandatory insurance coverage for unhusked rice and other crops, according to local publication The Philippine Star.

The proposed 'Expanded Crop Insurance Act' was filed by Senator Francis Pangilinan and aimed to amend existing laws which previously required the government to only provide crop insurance to farmers benefitting from production loans, said the report.

Mr Pangilinan said agriculture is among the sectors which consistently registered the highest poverty incidence since 2006 despite the sector generating 25% of jobs in the country.

Under the proposed amendment to the revised charter of the state-owned Philippine Crop Insurance Corporation (PCIC), it is compulsory for farmers to insure their crops deemed to be essential for food security.

However, in the event that farmers are financially incapable, the National Food Authority (NFA) will provide them with crop insurance. The authority will also pay for the insurance premium and would become at least a 50% beneficiary of the insurance proceeds or claim for all other crops.

Within 60 days of the law being passed, the department of agriculture chief, NFA administrator and PCIC president will form a committee with a mandate to draft the rules and regulations which will be implemented.

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Source

Indonesia: Proposed insurance holding company must be 100% state owned - Asia Insurance Review

A proposed insurance holding company, details of which are being reviewed by the government, must be wholly owned by the state, according to a Ministry of Finance (MoF) official.

Mr NufransaWira Sakti, head of the communications bureau of the MoF, explained that this is to avoid potential dilution of share ownership of members under the umbrella of the holding group, reported *Kontan*.

He added that the government also pays attention to the provisions of the law regarding the maximum stake in each type of insurance company.

The state-owned insurance companies that will be part of the proposed group include JasaRaharja, AsuransiKredit Indonesia, Asuransi Jasa Indonesia and AsuransiAsei Indonesia. There are also

reinsurance companies, namely Reasurance Indonesia Utama or Indonesia Re, and Reasurance Nasional Indonesia (National Re).

MrNufransah said that discussions regarding the formation of the holding company are in progress and the government has not decided whether to appoint JasaRaharja, a state owned company offering social insurance services, as the holding company.

Rationale

There are several factors the MoF is considering with regards to the state owned insurance holding company.

The company must have sufficient financial capacity and liquidity so that it is able to raise funds to cover the capital needs of group members. The company must also have an adequate information technology system that can integrate all members of the group into a large digital insurance ecosystem.

In addition, it must have a good track record and positive perception from the market to avoid negative sentiment from the business world.

The insurance holding company is to address some challenges in the Indonesian insurance industry. The domestic industry has limited capacity and low ratings so it is limited in business retention. In addition, there are some specific risks that require large coverage such as domestic satellites that local insurers cannot meet.

Another reason is the low penetration rate in the insurance market in Indonesia compared to the significant presence of multinational insurance companies. This shows that there is still a large potential insurance market not yet served by local insurers.

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Indonesia: Govt working out details of insurance coverage for state property - Asia Insurance Review

The Ministry of Finance (MoF) is working out an agreement with a consortium of insurers to provide insurance coverage for state assets, with the agreement expected to be signed by next month.

This means that the consortium of state property insurers (ABMN), formed by the Indonesian General Insurance Association (AAUI) in July 2019, will soon begin operations, reported Kontan.

Mr EncepSudarwan, director of the State Property Directorate General which is part of the MoF, said that the ministry has been preparing with ABMN an agreement on the technical aspects of the insurance coverage.

"Hopefully by September 2019, ABMN will have signed the agreement and started functioning. We are currently discussing the agreement.

“Then later we will discuss how much the insurance cover will be,“ he indicated.

Previously, it was estimated that ABMN would insure MoF assets worth IDR11.4tn ($803m). Mr Encep said that the assets to be insured would be listed by the MoF. These assets will be vetted again in accordance with an assessment of the Supreme Audit Agency (BPK).

''Those will be the subject of a BPK audit which would ascertain the value of the assets,” he said. He indicated that vetting is needed because there could be buildings that are old or that have been destroyed, and these would not be insured.

The overall plan is for ABMN to insure the assets of 40 ministries and institutions in 2020. Next ,in 2021, ABMN would insure the assets of all ministries and institutions that are estimated to be worth IDR270tn in aggregate.

The IDR270tn figure only represents buildings. The government has not ruled out the possibility that the ABMN programme would be expanded to other state assets.

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Source

Thailand: Minister proposes price insurance for rice farmers - Asia Insurance Review

Thailand's commerce minister Jurin Laksanawisit has proposed a price insurance scheme for five types of rice based on a resolution from a recent meeting chaired by farmers' representatives, rice trade associations and state officials. The insurance seeks to help farmers deal with the lower price of crops as it offers compensation if market prices are below the benchmark, reported local publication Bangkok Post.

The scheme will set conditions on insured paddies, including its maximum insured amount that will range from 14 to 30 tonnes, a 15% moisture rate and it will not cover 'short-lived' rice or rice that is harvested within less than 100 days of being planted.

Rice insurance policy is not new as the former Democrat-led government had previously implemented crop price insurance and a crop price guarantee between 2011 and 2013. This year's insurance scheme will cover five paddy strains namely khaochao, khaohommali (jasmine rice), khaohomchangwat, khaohomPathumThani and khaoniao (sticky rice).

Under the proposal, farmers will see the price of khaochao insured at THB10,000 ($324.46) per tonne but the insured rice cannot exceed 30 tonnes per approved case. Meanwhile, up to 14 tonnes of khaohommali will be insured at THB15,000 per tonne, up to 16 tonnes of khaohomchangwat at THB14,000, up to 25 tonnes of khaohomPathumThani for THB11,000 per tonne and up to 16 tonnes of khaoniao (sticky rice) for THB12,000 per tonne.

These insurance prices will be approved by the National Rice Policy Committee and then forwarded to the cabinet for final approval before being officially announced. According to MrJurin, 3.9m farmers will benefit from the policy once the insurance prices are approved. He said officials will also introduce additional measures to reduce production costs and prevent excessive supply.

TOP

Source

Myanmar: Thai Life takes a 35% stake in local insurer - Asia Insurance Review

Thai Life Insurance has reached a deal to take a 35% stake in Myanmar's Citizen Business Insurance (CB Insurance), becoming the first ASEAN insurer to enter Myanmar's insurance market.

Myanmar's Planning and Finance Ministry approved a joint venture application of CB Insurance and Thai Life on 31 July and the joint venture deal is expected to be completed by October, reported The Bangkok Post. The Myanmar government caps foreign ownership in insurance joint ventures at 35%

"This partnership will give CB Insurance a competitive advantage by leveraging Thai Life's actuarial and managerial expertise, as well as product distribution channel development, which has proven to be successful in Thailand," Chai Chaiyawan, president of Thai Life Insurance said in a statement. The company did not reveal the investment amount.

Penetrating Myanmar's insurance market aligns with the company's strategy to expand operations to other countries in ASEAN, Mr Chai said.

Thai Life will transfer know-how and technology to provide a full range of life insurance coverage to meet demand from Myanmar's customers, he said.

The company will promote savings and investment-linked insurance products, and other products will be developed further to better serve demand.

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