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QUOTE OF THE WEEK

"Research indicates that workers have three prime needs: Interesting work, recognition for doing a good job, and being let in on things that are going on in the company."

Zig Ziglar

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Network hospital

A health insurance policyholder can avail herself of cashless facility from a hospital only if the insurance company has a tie-up with that particular hospital, known as a network hospital. Every insurer has a list of hospitals empanelled or enlisted with them across the country, sometimes even abroad. This helps facilitate direct payment of medical expenses for policyholders. For instance, Bajaj Allianz health insurance has over 3,300 network hospitals and, Apollo Munich has over 4,650 across India.

Before you sign up for a policy, check the list of network hospitals and the quality of their services. Ensure that there are hospitals close to your home or work area.

Remember, though, that even if the hospital from where you are getting treatment is not a network hospital of the insurer, you will be compensated. The only difference is that you will have to pay out of your pocket and claim reimbursement at a later date.

Source

INSURANCE INDUSTRY

The Insurance Industry in India: A Quick Look – Outlook – 18th July 2019

The Indian insurance industry is on an upward growth trajectory with gross premiums written reaching Rs 5.53 trillion for FY18, inclusive of both life and non-life. So far, this growth has been achieved largely by offering a one size fits all solution. There has been limited product side innovation while the distributor model largely remains the same. However, the advent of insurtech (insurance companies that leverage technology) is bound to change the landscape completely. By harnessing technology, these companies are able to provide customised solutions with better pricing in an efficient and seamless manner.

Three phases of the Indian Insurance Industry

The insurance industry in India can be divided into three distinct phases. These are explained in the subsequent paragraphs.

Complete Regulation (Inward looking)

There used to be a time, not too far back in the past, when there were as many insurance companies as the number of states in India. This became challenging for the government as many of these were unregulated and as such were highly susceptible to fraud. Subsequently, in 1956 the life insurance sector was nationalised to protect the interest of policyholders and increase penetration. In a similar way, the non-life insurance sector was nationalised in 1971. In 2000, the sector was opened for private sector players as well. Currently there are about 56 players, including life, non-life insurers in India. The privatisation of the insurance sectors saw a range of new products and services being offered and effectively expanded the reach and impact of the sector.

Inviting FDI (Outward looking)

In 2014, the government increased the Foreign Direct Investment (FDI) limit in the insurance sector from 26% to 49%. This was a landmark decision, which gave the sector the much-needed shot in the arm.

Introduction of the Pradhan Mantri Suraksha Bima Yojna and the Pradhan Mantri Jeevan Jyoti Bima Yojana gave the industry the nationwide impetus that it required. The larger challenges of financial inclusion and payment systems were taken care of by the implementation of the Jan Dhan and Aadhar scheme.

In a growing industry, capital is a sacred commodity. Insurance premiums in India are at 3% of GDP against the global average of 8%. This indicates that the insurance industry in India is still a fledgling compared to its global counterparts and that it has lot of potential to grow. The insurance sector requires a lot of capital. Further increasing the FDI in insurance will help the industry in myriad ways. It will provide access to capital, management know-how, better technologies and marketing skills, to name a few. It will also lead to indirect benefits such as job generation, higher investment, ultimately giving a fillip to economic growth in the country.

Embracing Tech (Forward looking)

In India, a large section of the society continues to be uninsured and underinsured. The ubiquity of innovative technology and the onset of InsurTechs can potentially resolve for two major issues that the industry is currently facing: that of lower penetration rates and the paucity of customised products. InsurTechs are adding another dimension to the insurance industry. They are leveraging technology to create more customised products and tapping investors at a relatively lower cost. The way forward is going to be incumbent upon the speed at which insurance companies adopt technology and implement technological solutions. From that perspective, we have only just begun to scratch the surface. There continues to be enormous future potential for insurers to effectively harness the value of technology.

The insurance companies in India are at the cusp of yet another wave of change. This change is likely to be more disruptive and consequently, is expected to add value across the entire spectrum of insurance products and services.

(The writer is Deepika Asthana.)

TOP

Source

Are insurtech users compromising on their data privacy for convenience? – Mint – 17th July 2019

"Let's chat insurance," prompts the chatbot of an emerging insurtech, offering bite-sized, customized insurance plans. In return, the user must provide certain personal information like Aadhaar number and medical prescriptions. The insurtech assures it will match the user with the right insurer, negotiate the premium and present a seamless claim management process. The user skims through the FAQs, the policy and submits the information, at the click of a button. Indeed this is the tech-savvy, millennial-friendly, "ideal" insurance world. The user then stumbles on the T&C (terms and conditions) and privacy policy, stops for a moment and, finally, decides to save time.

Should a user diligently read T&C and privacy policy? Most terms would include all-encompassing statements that allow ceaseless processing of user information for vague purposes such as improving customer experience, analytics, directing customized ads and service efficiency. It further states that by using the website, user consent is deemed, and the only way out is to stop using the website. Since these terms provide no meaningful choice to the user, reading them is regarded futile. This phenomenon, called "consent deluge", points to a bigger concern: are users compromising "informational privacy" for convenience?

Informational privacy is an individual's interest in preventing unauthorized access and dissemination of her information. The right becomes relevant in the context of digitized personal information, which leads to the identification of a natural person. Certain kinds of information such as passwords, financial, health, medical and biometrics are classified as sensitive. This is because their misuse and unfettered disclosure can cause harm such as impersonation, discrimination and financial fraud.

Currently, data protection and privacy are regulated under the Information Technology Act and reasonable security practice rules. The regime, unfortunately, is not equipped to fully grasp the growth trajectory and disruptive implications of emerging tech-data driven industries, including insurtech.

Micro-insurance, peer-to-peer insurance, block chain, robo advisory, gamification, IoT (internet of things) and big data are getting engrained in how insurance operates. They yield efficiency through expansive outreach, direct digital interface and streamline processes throughout the value chain. Its much-valued asset is the vast pool of uncensored data, obtained from different sources, presumably for customer engagement and expedited processing. But a word of caution: Insurtech is the seismic point for data breach that can expose companies to disrepute, devaluation, loss of confidence and legal claims.

Also, it can subject the consumer to identity theft, illegal trade in personal information and insurance fraud. The underlying motivation of a hacker is simple—insurance operates on analytics, retains unimaginable terabytes of personal data and, typically, does not use analogical foresight to safeguard the information from breach attacks.

Owing to limited IT rules, there is a minimal associated cost for "processing" information. Implementation of personal information management and security infrastructure is seen as a volitional act and not a governance mandate. However, times are about to change and insurtech will not be left behind.

In August 2017, the Supreme Court recognized informational privacy as a legal right enforceable against private parties. Consequently, the government unravelled India's first-ever Personal Data Protection Bill. The Bill's text has been reportedly finalized for Parliament's approval. It seeks to balance business interests with right to informational privacy. The Bill proposes rigorous obligations on data fiduciary, i.e., the person who determines the purpose and means of processing. It identifies core processing principles that a fiduciary must adhere to. It requires them to provide prior notice, obtain specific consent and implement privacy by design.

This means that privacy expectations of a reasonable consumer can no longer be a by-product of the business process. It also obligates the fiduciary to establish a rights regime through which a user can access and control processing of personal information. Further, it contemplates massive penalties for non-compliance. Thus, when the Bill is passed, deemed consent will not suffice. The law will call for revamping of existing business, organizational, managerial and technical practices to prevent potential risk or, in the least, mitigate it.

Beyond the entire legal mandate, while it is not always feasible for insurtech to prevent a breach, it is possible to act proactively. An analysis of recent data breaches reveals that they occurred due to flippant monitoring of data flow, lack of privacy designing as the default technology setting, poor internal checks, failure in conducting breach resistance tests, and use of outdated security systems.

This also implies that a proactive approach and ethical regard to a user's privacy could redeem the situation. Indeed, there is an increased awareness among stakeholders and data protection is gradually featuring as the new board room agenda. But, it is a long path ahead for insurtech and it needs to start now.

(The writer is Arya Tripathy.)

TOP

Source

Budget 2019: 100% FDI for insurance intermediaries to boost number of new businesses, product offerings – Financial Express – 15th July 2019

Budget 2019 India: India's insurance gap worth $27 billion (in absolute terms) is the second largest in the world after China's over $76 billion.

Budget 2019 India: Among measures to boost foreign direct investment (FDI) in India, finance minister Nirmala Sitharaman in her maiden budget speech proposed permitting 100 per cent FDI for insurance intermediaries apart from examining "suggestions of further opening up of FDI in aviation, media (animation, AVGC) and insurance sectors in consultation with all stakeholders," the minister had said.

"The insure-tech industry will benefit with 100 per cent FDI being permitted for insurance intermediaries in India as it will enable the insurance market to grow," said Vishal Gondal, CEO and Founder GOQii.

This is also expected to "give rise to more players in the segment eventually bringing in competitive rates, which is healthy for the industry," said Gotama Gowda, Co-Founder and CEO, Openapp adding that it will improve the investor focus in the sector and boost the wave of strategic foreign investors.

Importantly, India's insurance gap worth $27 billion (in absolute terms) is the second largest in the world after China's over $76 billion, PTI reported in October last year as a report by Lloyd's of London even as global underinsurance gap stood at $162.5 billion in 2018 and it is hardly closing.

"India is an underinsured market, especially in rural areas. The proposed 100 per cent FDI in this segment will help the sector with the required capital infusion into the intermediaries segment that can expand their distribution networks in the rural areas as well. The capital infusion will also help with driving innovation and improving product offerings in the sector," said Ankit Agarwal, CEO and Cofounder, Insurancedekho.

From $162.5 billion, the global underinsurance gap has gone down by only over than 3 per cent since $168 billion in 2012 as the global underinsurance report.

Nirmala Sitharaman had also proposed reducing the requirement of Net Owned Fund from Rs 5,000 crore to Rs 1,000 crore to enable on-shoring of international insurance transactions and to enable the opening of branches by foreign reinsurers in the International Financial Services Centre.

(The writer is Sandeep Soni.)

TOP

Source

'Amazons and Flipkarts will pose as challenge for non-tech savy insurance cos' - Free Press Journal – 15th July 2019

Insurance companies that do not use technology and analytics will find it difficult to compete with likes of Amazons and Flipkarts, said Nilesh Sathe, former member, IRDAI. He said this at the fourth annual Insurance India Summit & Awards 2019 held in Mumbai recently. Addressing the delegates from various insurance companies, Sathe said, "It is not that if Amazons and Flipkarts come to India as distributors, it is going to impact lives of existing distributors. But the technology and analytics that they bring will be a big challenge for companies who do not use it." There are talks about Amazon India and Flipkart mulling over entering insurance space.

Sathe added, “Technology has the power to perform and transform. So insurance companies should take the risk and make the change.” Citing Amazons and Flipkarts, he stated ongoing customer engagement is the need of an hour and that is where e-commerce is winning. These e-commerce sites based on behaviour of the customers on their platform recommend products and services that will work for the customers, and such level of engagement work for them, said Sathe, whose tenure with IRDAI ended this May (2019).

Stressing further on technology, former LIC executive, Sathe asserted Internet of Things (IOT) and Artificial Intelligence (AI) will help in early detection of frauds. Along with praising technology, Sathe also pointed out the risks that comes along with technology. “Most important is cyber risk and everyone knows about it. There are technologies that are coming into the market to fight cyber risks. This risk pool may shrink with advanced analytics...,” claimed Sathe.

TOP

Source

INSURANCE REGULATION

New IRDAI rules to make traditional, pension and Unit Linked products more beneficial for policyholders – Financial Express – 18th July 2019

In a bid to improve the product proposition, the Insurance Regulatory and Development Authority of India (Irdai) has released product guidelines for both traditional insurance plans and ULIPs.

It has modified the rules for pension products, traditional plans and Unit Linked Insurance Plans by easing the surrender and annuity norms.

The new guidelines mentions, for all the non-linked individual life insurance products, the minimum death benefit, ie the minimum sum assured on death during the entire term of the policy will not be less than 7 times the annualized premium, for limited or regular premium products, and 1.25 times the single premium for single premium products.

Other than single premium products, the minimum death benefit will be at least 105 per cent of the total premiums received up to the date of death.

Aalok Bhan, Director, and Chief Marketing Officer, Max Life Insurance says, “The revised regulations provide policyholders with better propositions in terms of enhanced surrender value for non-linked products, increased revival period also, enhanced flexibility to customers in terms of reducing the premium up to 50 per cent after 5 years, allowing partial withdrawals for linked pension products.”

IRDAI has increased revival period from 2 years to 3 years and 5 years for linked and non-linked business respectively. To revive a policy the insurers will have to communicate within 3 months and will have the option to revive the policy within the revival period of 3 years. The cost of rider cover, within a product, can be levied through rider charge or level rider premium. As of now, the rider premium was deducted from the Ulips in the form of NAV.

On traditional money back plans, from the earlier mentioned three years, the insurance company will now pay surrender value after payment of at least 2 consecutive years of premium.

If surrendered during the second year of the policy, the guaranteed surrender value will be 30 per cent of the total premiums paid less any survival benefits already paid, 35 per cent if surrendered during the

third year of the policy, 50 per cent if surrendered between the fourth year and seventh year of the policy.

After payment of premium for the first 5 policy years, the regulator has also allowed reduction of premium and once reduced, premiums cannot be increased subsequently. On the other hand, non-linked whole life policy would offer coverage for up to 80 years.

The regulator has brought insurance at par with the National Pension System (NPS) on the pension front. Now pension holders can utilize all, or take up to 60 per cent of their holding, to purchase a deferred annuity or immediate annuity from either the same insurer at the prevailing annuity rate or from any other insurer.

(The writer is Priyadarshini Maji.)

TOP

Source

IRDAI may relax rules for pension plans & ulips, make surrenders easy - The Economic Times- 16th July 2019

The Insurance Regulatory and Development Authority of India (Irdai) Monday released final product guidelines for both traditional and unit linked insurance products to improve the product proposition.

It has relaxed rules governing pension products, Ulips and traditional plans by easing the surrender and annuity norms.

Now, minimum sum assured on death can be seven times the annualised premium. The minimum death benefit should be 105 per cent of the premiums received by an insurer until the death of the covered life.

On traditional products known as money back plans, the company will pay surrender value after payment of at least two consecutive years of premium from three mentioned earlier. The value will go up from 35 per cent in first two years to 90 per cent during the last two years.

On the Ulip front, the regulator has extended the revival period to three years from two. Insurers will have to communicate within 3 months and the policyholder will have the option to revive the policy within the revival period of three years. Within a product, the cost of rider cover can be levied through rider charge or level rider premium.

At present, rider premium was deducted from the Ulips in the form of NAV.

The regulator has allowed reduction of premium after payment of premium for the first five policy years and once reduced, premiums cannot be increased subsequently. Non-linked whole life policy would provide coverage up to 80 years.

On the pension front, the regulator has brought insurance on a par with the National Pension System. It has allowed holders of pension plans to utilize all, or take up to 60 per cent, to purchase immediate annuity or deferred annuity from the same insurer at the prevailing annuity rate or from any other insurer.

TOP

Source

Long-term insurance policy applicable only for new vehicles: IRDAI - Financial Express – 13th July 2019

According to the clarification by IRDAI, existing vehicles are only going to get insurance cover for one year on renewal whereas, it will be compulsory for new private cars to go for the three-year policies. On the other hand, new two-wheelers will compulsorily go for the five-year policy.

IRDAI (Insurance Regulatory and Development Authority of India), clarified that only new private four-wheelers and two-wheelers will be applicable for the long-term third-party motor insurance. According to the clarification by IRDAI, existing vehicles are only going to get insurance cover for one year on renewal whereas, it will be compulsory for new private cars to go for the three-year policies. On the other hand, new two-wheelers will compulsorily go for the five-year policy.

Subramanyam Brahmajosyula, head, underwriting and reinsurance, SBI General Insurance, said "In compliance with a Supreme Court directive in 2018, IRDAI had issued a circular mandating the issuance of long term motor third party cover for two-wheelers and private cars. As per its circular issued on July 11, 2019, the authority has clarified that such long term products will apply only to new private cars and new two-wheelers and will not be offered for renewal of existing policies or for old vehicles. Hence, owners of old vehicles can continue to renew their policies on an annual basis,"

When the Supreme Court took up the matter of long-term policy for new vehicles last year, the General Insurance Council had argued that the industry needed more time as a lot of groundwork needed to be completed apart from the fact that the state governments and Regional Transport Offices all over the country should be in position to supervise the issuance of long-term policies at the time of registrations of all new vehicles. Under a motor insurance policy, there are two major components: Third-party insurance and Own Damage Insurance. As per The Motor Vehicles Act, 1988, it is mandatory to insure vehicles with at least third-party insurance cover. OD covers loss or damage to the vehicle insured due to an accident including fire and theft. The third-party covers any damage or injury caused by the insured, to another person or property.

Last month, IRDAI had asked general insurers to make available stand-alone annual Own Damage (OD) covers (including stand-alone OD cover for fire or theft if opted for by the policyholder) for cars and two-wheelers.

The new regulation will be applicable to both new and old vehicles. Consequently, with effect from September 1, 2019, the issuance of bundled policies for cars and two-wheelers will not be compulsory. Owners can buy OD and third party policies separately. Further, insurers will have the option to offer package policies, in addition to stand-alone OD and third party (TP) policies. Long term stand-alone OD policy will not be permitted for the present.

For issuance of stand-alone Own Damage annual cover as well as for renewal of Own Damage component of a bundled cover, insurers will have to ensure that OD cover is offered only if a motor TP cover is already in existence or is taken simultaneously. The name of the insurer, policy number and the start date and end date of the TP policy should be indicated in the OD policy document.

TOP

Source

LIFE INSURANCE

Life Insurance: Surrender and annuity norms made customer-friendly - Financial Express – 19th July 2019

The insurance regulator has revised the surrender and annuity norms in both linked and non-linked life insurance products. The minimum death benefit, revival period and norms of pension products have also been revised to make them more customer-friendly.

Death benefits

For all non-linked life insurance products, or traditional products, the minimum sum assured on death during the entire term of the policy will not be less than seven times the annualised premium in case of a regular policy. For single premium policies, it will be 1.25 times the premium. For participating products, in addition to the sum assured on death, the bonus and additional benefits as stated in the policy and accrued till the date of death will be payable as part of the death benefit.

In case of linked products, the death benefit will be the sum assured as agreed in the policy plus the balance in the unit funds. The sum assured in case of a single premium policy will be 125% of single premium; in case of regular premium policies, it will be seven times the annualised premium. In case of death due to suicide within 12 months from the date of commencement of the policy or from the date of revival of the policy, the beneficiary will be entitled to the fund value as on the date of intimation of death.

Policy term

The minimum policy term for non-linked products will be at least five years. However, insurers can design a range of policy terms for individual policies, subject to a minimum policy term of one month. Insurers can also extend an option to a policyholder to alter the premium paying term. In case of linked-products, the minimum policy and premium paying term will be for five years, except for single premium products.

Pension products

The regulator has made some changes to insurance pension products on the lines of the National Pension System. All individual pension products will have explicitly defined assured benefit payable on death and vesting. The assured benefit will have at least one guarantee: either non-zero positive rate of return on the premium paid, excluding applicable tax, or an absolute amount to be paid on death or maturity. On surrender or vesting of pension products, the policyholder can utilise the entire proceeds to purchase annuity or deferred annuity from the same insurer at the prevailing annuity rate.

Alternatively, the policyholder can commute up to 60% and utilise the rest to purchase immediate or deferred annuity from the same insurer or from a different insurer. This will be on the lines of NPS, where 60% of the maturity proceeds can be withdrawn tax-free and the rest invested in annuity.

In case the policyholder dies during the deferment period, the nominee can either utilise the entire proceeds or part of the policy to purchase an immediate annuity or deferred annuity from the same or a different insurer. Alternatively, he can withdraw the entire proceeds of the policy. In case the proceeds of the policy are not sufficient to purchase minimum annuity, then the money can be paid as lump sum.

Surrender value

All protection-oriented non-linked products will have guaranteed surrender value. If the premium has been paid for two consecutive years, the policy will acquire a guaranteed surrender value. It will be 30% of the total premium paid less any survival benefits already paid, if surrendered during the second year of the policy. In case the policy is surrendered during third year, it will be 35% of the total premium paid, less any survival benefits. If surrendered between the fourth and the seventh year, then it will be 50% of the total premium paid. In case it is surrendered during the last two years of the policy, then the policyholder will get back 90% of the premium paid.

At present, in a traditional plan which bundles investment with insurance—such plans account for 80% of all policies sold—the policyholder loses all her money if it is not renewed in the second year. If one surrenders after year 2 and 3, the insurer pays back only 30% of the total premium. Between year fourth and the seventh year, the surrender value is 50% of the premium paid. After eighth year, the surrender value increases.

The fact that 35% of life insurance policies sold are not renewed in the second year—this non-renewal rises to 67% after the end of fifth year—is symptomatic of the widespread misselling in the life industry where policyholders do not find any merit in the insurance cover or are simply not able to pay the premium. Poor persistency levels or higher lapsation means people are paying huge surrender costs.

(The writer is Saikat Neogi.)

TOP

Source

5 most common myths about child insurance busted – Financial Express – 19th July 2019

One of the most joyous moments in the lives of any couple is becoming parents. It is said that the arrival of a child gives birth to a mother and father. This parenthood brings a shift in their life stage with the additional responsibilities to be fulfilled as parents.

Every father wants to be a hero or role model for his child. Hence, he starts financial planning for the upbringing of his child. This includes planning for his/her future expenses such as funds required for education, for marriage, etc. As a parent, one's most important goal would be to make sure that one's children have a bright future and lead their lives comfortably.

A child insurance plan is a great tool for creating such financial security for the child. It brings in the corpus that is required at each milestone that's planned for the child's future. This plan is the best fit and tailor-made for educational needs. Unfortunately, most of the parents get confused about the available plan choices and are bogged down by various myths about child insurance plans. The following points help debunk the myths and bring in a reality check for better and informed decision-making.

MYTH 1: Child insurance provides coverage for the child only

The most common myth surrounding child plans is that the life insured is the child. Most of the child insurance plans cover the income-earning parent as the life assured, and the child as the beneficiary. The benefit associated with such a plan is that the child's dreams are fulfilled, even if the parent is no longer around.

MYTH 2: Only lump sum death benefit is paid on the policy

It is a preconceived notion that on the untimely death of the Parent, the lump sum is paid as a death benefit on the policy and the policy terminates thereafter.

The very essence and beauty of a child plan is that it comes with a Waiver of the rider premium. On the early death of the parent, the future premiums are waived off and the policy continues. This does not impact the benefits to be received under the policy at maturity. These are additional benefits along with the lump sum that's immediately paid out on the death of the insured. This is a good way to ensure that the family will not have to bear the financial burden after the death of the policyholder.

MYTH 3: Child plans lack liquidity
Child plans provide flexibility. These plans are available as traditional/money back policies and ULIPs. In traditional/money back policies, the periodic benefits are paid at fixed intervals as per the milestones that are envisaged for the child. Whereas a ULIP provides flexibility to withdraw after 5 years for any expenses incurred towards a child's education or any other child-related expenses.

MYTH 4: Child plans are not very transparent
Under ULIPs which are market-linked child plans, all charges are clearly spelt out providing transparency to the policyholder. These charges can be related to fund management, administration, mortality, etc. The policy document gives a breakup of the various charges and the premium amount invested. The policyholder also receives a regular statement of your holdings, which can be monitored periodically.

MYTH 5: Payments are made only for higher studies of the child
A child insurance plan doesn't levy any restrictions on the usage of the plan's benefits. When the plan's benefits are paid, they are not supposed to be only for the child's higher education. It's entirely up to your discretion on how you want to make use of the funds at the end of the day. If your child chooses not to pursue further studies or you would like to use the funds to fulfill some other commitment, you can do so irrespective of the original goal that it was intended for.

The objective of a child plan is to secure your child's future by making funds available on the due date. It is recommended and deemed by the insurance company that the plan's benefits would only be used for the child's higher education.

Conclusion
I hope that the information that's shared above is able to provide clarity on the myths about child insurance. So understand the reality and make informed decisions for your child's future. Take into consideration the dual advantages of a child plan. This not only helps you to create assured funds for your child but also help in lowering your tax liability. So, if you have a child and want to create funds for his/her future, a child plan acts as an ideal investment solution.

(The writer is Manju Dhake.)

TOP

Source

IRDAI recommends change in norms for life-insurance products - The Hindu Business Line – 17th July 2019

The Insurance Regulatory and Development Authority of India (IRDAI) has tweaked some of the key norms pertaining to life-insurance products. As per the Gazette notification, issued by the regulator, the minimum death benefit in the non-linked policy has been decreased to seven times from 10 times.

In the non-linked policy, policyholders will get a fixed amount if the policy is surrendered after two years. The revival period for this policy has been increased to five years from two years. In unit-linked policies, if it has a surrender value during the first five years, it will become payable only after completion of the lock-in period. After the lock-in period, the surrender value shall be at least equal to the fund value as on the date of surrender.

With regard to pension products, policyholders can withdraw 25 per cent of the sum assured during an emergency, including a serious illness, marriage and the education of their children.

TOP

Source

Life insurers set to report strong quarter - Financial Chronicle – 17th July 2019

Life Insurance companies are expected to report strong first quarter earnings, as the individual new business premium (NBP) growth for them has been over 30 per cent. In addition, during the first quarter, the 10-year benchmark yield was down by 46 basis points, which should lead to a 1 per cent to 3 per cent boost in their embedded values.

On the flip side, while the rates are down, the default incidents have picked up in the recent months, requiring a closer monitoring of investment portfolios, feel analysts.

Historically, the first quarter is marked by weak volumes for the sector, driven by seasonality in the fourth quarter, which contributes around 35 per cent of the NBP growth.

However, FY20 has started on a strong note with private players registering annual premium equivalent (APE) growth of 30.5 per cent, as per the IRDAI. APE is an international formula that gives 100 per cent weightage to regular premium while taking into account 10 per cent of a single premium.

"We expect private players to continue to gain market share from LIC through better product offerings, with the focus on volume game through sale of ULIPs and margin accretion via sale of protection and other traditional products such as annuities.

We expect HDFC Life and SBI Life to report a very strong set of numbers in 1Q with APE growth of 57/37 per cent YoY and expansion in value of new business margins (20-30 basis points over FY19)," said Emkay Global.

"Our top pick in the sector is SBI Life Insurance with a target price of Rs 850. The current market price of Max Financial also adequately builds in risks and offers meaningful upside potential. We have a Buy with a target price of Rs 681," said Madhukar Ladha, Analyst at HDFC Securities.

During April to June 2019, the first year premium income of ICICI Prudential Life Insurance grew by 29 per cent to Rs 2,226 crore, driven by a strong growth in individual regular premium. However, the life insurer reported a muted growth of 5.3 per cent YoY for Q1FY20 at Rs 1,470 crore.

The retail APE was flat at Rs 550 crore (up 0.6 per cent YoY). Policies sold rose 8.4 per cent YoY in June 2019, while the retail APE ticket size fell by 7.7 per cent YoY.

In comparison, HDFC Life reported a reported strong APE growth of 73 per cent YoY to Rs 680 crore in June 2019. For Q1FY20, APE grew 62.2 per cent at Rs 1620 crore. Retail APE grew by 87.2 per cent YoY to Rs 590 crore. The new business premium rose 21 per cent YoY to Rs1360 crore. Policies sold increased 5.2 per cent YoY in June 2019. The retail APE ticket size jumped by 79.5 per cent YoY.

SBI Life Insurance reported 38.5 per cent rise in APE at Rs 1,790 crore in Q1FY20 while Max Life reported APE growth of 20.3 per cent YoY at Rs 670 crore.

"We continue to like this space due to structural undercurrents. We continue to remain overweight on SBI Life due to comfort of both growth and valuation and Max Financial due to its consistent delivery and attractive valuations, said Emkay Global.

(The writer is Falaknaaz Syed.)

Source

TOP

Why your family should know about your insurance policy - Business Today – 16th July 2019

It is interesting to note that The Insurance Regulatory and Development Authority of India (IRDAI) has stated that, as on March 31, 2018, the total unclaimed amount stood at Rs 15,166.47 crores.

Imagine your loved ones who are financially dependent on you are not aware of the fact that you have saved a lump sum amount of money for their upkeep for when you are no longer around.

You have invested all of your life's labour in accumulating those savings just to realise that the funds are lying unused because you have failed to inform your loved ones of how and where to access this fund.

This not only results in a waste of your savings but also leaves your family in financial doldrums which was exactly something you had wanted to avoid.

It is interesting to note that The Insurance Regulatory and Development Authority of India (IRDAI) has stated that, as on March 31, 2018, the total unclaimed amount stood at Rs 15,166.47 crores. If your loved ones rely on you financially and you have signed up a life insurance policy for yourself, then it is pivotal that you discuss with them about the policy details.

Not updating them with these details may result in your family missing out on the claims payment. There are situations wherein the family members are unaware of insurance policies purchased by the policyholder and remain deprived of insurance benefits.

To avoid such situations, individuals should keep the nominee, or the closest family members informed of the policy and relevant details. Basic details such as the insurance company's name, terms of insurance and broker information, if any, should be kept handy with near and dear ones.

To know if the policy is unclaimed, visit the website of the insurance company, a separate window of 'unclaimed number of policyholders' is provided to know any unclaimed amount. Enter the policy number, PAN, date of birth and Aadhaar number of the policyholder. One can always visit the branch or call customer care for policy details and fill up a cheque re-issuance form along with the NEFT details for claiming the money.

There are other routes through which nominees can get to know about their policy details. For example; 'I Owe You', an editable e-card containing the insured's policies along with its plan name, sum assured, rider name and rider sum assured if any along with the helpline number.

Anyone can avail of this facility. They are able to share this OTP verified e-card with their nominee for easy reference at times of claim if any. The card also enables them to personalise it with a picture and their message for their loved ones.

The responsibility of an individual towards securing the financial well-being of their family does not end with the purchase of a policy or by paying the premium.

Becoming actively aware of the intricacies of the policy documents, keeping family members informed, maintaining thorough documentation internally and updating the information to the insurer goes a long way in preventing one's hard-earned insurance policy from remaining unclaimed.

(The writer is Vineet Arora.)

TOP

Source

No price increase in Jan Suraksha insurance schemes – Moneycontrol – 15th July 2019

The life insurance and personal accident schemes under the Pradhan Mantri Jan Suraksha Yojana will not see any price increases in FY20. Sources said the PM Jeevan Jyoti Bima Yojana (term plan) and PM Suraksha Bima Yojana (personal accident plan) will continue with the same annual premium of Rs 330 and Rs 12 this financial year.

The personal accident scheme Suraksha Bima and term insurance scheme Jeevan Jyoti Bima, launched in May 2015, have a sum assured of Rs 2 lakh each and need renewal after a year.

"To encourage access to low-cost insurance products, prices are being kept unchanged. Since insurance penetration in India is less than 5 percent, these products will help serve the purpose of getting a basic cover for dealing with untoward incidents," said an official.

In the period immediately after the launch of these schemes, banks were focusing on enrolling more policyholders aggressively. In the first five months of the schemes' launch, around 120 million policyholders were enrolled.

The total enrollments for the two insurance schemes still remain high due to their auto-renewal feature, which allows the premium to be debited straight from the policyholder's bank account on an annual basis.

Several insurers had sought an increase in the premium rates. This was to ensure that the product sale is sustainable, especially because the claims ratios have been high.

As of FY19, almost Rs 3,400 crore worth claims have been paid by the insurance companies. However, insurers have also reported a series of fraudulent claims filed under this programme.

(The writer is M Saraswathy.)

TOP

Source

Cost of early exit from life insurance may cost a little less, but will still hurt – Mint – 15th July 2019

The cost of ditching your bundled insurance plan—traditional policies that club investment with insurance—is high and, according to the new product regulations notified on 10 July 2019 , will continue to hurt.

Although, as signalled in the draft guideline released in October last year, the surrender costs—charge for leaving the policy before the term expires—have come down slightly, they are nowhere close to giving you the comfort of moving out of an insurance plan mid-way with little cost implications.

New cost structure

Currently, when you buy a traditional bundled plan with a term of over 10 years, you are eligible for a surrender value only after three years. The new rules have brought down the period to two years. This means if you have paid two annual premiums of, say, ₹100 each, on surrender, the policy will pay 30% of the premiums or ₹60 back; the draft had proposed a 35% pay back. If you surrender after paying three

premiums (in the third year), the minimum guaranteed surrender value will increase to 35%. Surrender between the fourth and seventh years will have a minimum guaranteed surrender value of 50%. After the seventh year, the rules remain the same—insurers are allowed to fix surrender values, except that the new rules mandate that surrender values follow a smooth progression and converge to at least 90% of the premiums as the policy approaches maturity.

In order to give more in the hands of policyholders who decide to quit mid-way, the draft had suggested that the guaranteed surrender value would also give at least 30% of the value of accrued bonuses along with the minimum guaranteed surrender value. The final rules, though, don't specify a minimum limit, but just state—as is the norm even now—that the guaranteed surrender value would comprise the surrender value of any accrued bonuses or benefits. According to a senior executive of a private life insurance company, who spoke on the condition of anonymity, the surrender value of bonuses was always way less than 30% and if the final rules had mandated at least 30% payback, it would have suppressed returns for existing policyholders as it would have increased the amount of "reserving" with the company.

Limited open market on annuity

The other big change is for pension plans offered by life insurance companies. As per the new rules, on maturity, now you can keep up to 60% of the corpus as lump sum—up from 33.33%—and annuitize a minimum of 40% of the corpus. The new rules on withdrawals make pension plans on par with the National Pension System (NPS).

Further, while the draft guidelines aimed to give full freedom to the policyholders to buy an annuity product that pays pension for life from any insurer, the new rules are a halfway house between the current practice and the draft. While the current rules mandate that you need to annuitize the maturity corpus through the same insurer you bought the pension plan from, the new rules mandate that only up to 50% of the corpus will have to be annuitized from the same insurer. The idea is to offer flexibility to the policyholder to shop for an annuity product in the market on the one hand and, on the other, encourage insurers to develop their annuity portfolios.

The insurance industry is aware of the fact that high lapse rates coupled with very high surrender costs can cause a huge reputation risk to the industry. However, the industry has not been able to slash surrender costs drastically like it did for unit-linked Insurance plans, and so the traditional insurance market continues to be a buyers-beware market.

(The writer is Deepti Bhaskaran.)

TOP

Source

Life insurance: High individual premium drives growth for private insurers – Financial Express – 15th July 2019

Strong annualised premium equivalent (APE) growth at 36% year-on-year (y-o-y) in June 2019 was driven by moderate (13%) APE growth in individual APE and almost two times group business booked by LIC. Private players gained market share in the individual business with 24% APE growth, while LIC was flat y-o-y. Overall net inflows to equity mutual funds almost doubled month-on-month (m-o-m) after being muted for the past two months.

Private sector individual APE growth in June 2019

Private sector players reported 24% y-o-y growth in individual APE in June 2019, gaining share from LIC. Overall industry growth was 13% as LIC was flat y-o-y. ICICI Prudential Life reported 1% y-o-y increase in June 2019 in individual APE, similar m-o-m. Average ticket size in individual non-single segment was down

8% y-o-y but up 22% m-o-m. On considering overall (individual and group) adjusted APE including accrued but not received premium, its APE was up 3% y-o-y as compared to 5% in May 2019.

SBI Life's individual APE growth was strong at 25% y-o-y in June 2019. The company had moderated its overall growth momentum in 9MFY19 due to its focus on productivity and protection business. The overall business momentum picked up since December 2018 with 25-45% y-o-y growth in individual APE. SBI Life has guided to continue its focus on protection though y-o-y growth in protection will be lower in FY2020E (individual protection APE was up 5X in FY2019); in that sense, savings business APE will likely remain strong.

Max Life's growth in individual APE was strong at 20% y-o-y (23% in 1QFY20), although somewhat lower growth than 4QFY19. The company has increased focus on ULIPs in the past two years. Its ticket size in individual non-single segment was up moderately by 13% y-o-y/m-o-m.

HDFC Life reported sharp increase in individual APE for a third straight month at 87% y-o-y (31% in April, 59% in May) after witnessing muted growth from November to March 2018. This pulled up its overall APE growth to 69%. Birla Sun Life reported 22% y-o-y growth in individual APE, lower than 32-110% in the past 12 months since it continued to make inroads in HDFC Bank. Tata AIA was up 56% y-o-y, higher than 50% observed in 4QFY19 although lower than 125% in April 2019. It now appears that the market shares of these three players are closer to getting aligned in HDFC Bank's franchise.

New inflows in mutual fund and insurance trends converging

Net mutual fund inflows to equities improved significantly to Rs 58 billion in June 2019 from Rs 27 billion in May 2019, although lower than preceding months. Interestingly, SIPs are broadly stable over the past few months at Rs 80-82 billion. Thus, trends in growth between individual business of insurance companies and mutual funds now seem to be converging.

TOP

Source

Why the majority of life insurance policies face early 'death' - The Hindu Business Line – 14th July 2019

Skewed incentive scheme, mis-seling by agents to blame, say experts.

Did you know that half the people who buy life insurance don't continue with their policies after the fifth year?

The life insurance industry has reported a persistency ratio of 47 per cent in the 61st month (completion of five years) in FY19, implying that less than half of the policies continue into the sixth year. Based on the number of policies renewed, even LIC, the insurance behemoth, doesn't have a sterling record — its 61st month persistency ratio was 51 per cent.

The persistency ratio indicates how many customers stay with their policies. While there has been an improvement in the 61st month persistency of life policies over the past few years — thanks to the ULIP reforms, and a strong capital market boosting returns in market-linked policies — the picture is still bleak.

Many private life insurers have reported a persistency ratio of less than 40 per cent for FY19 in the 61st month, data compiled by *BusinessLine* reveal (*see table)*.

Mis-selling to blame?

One reason for the early exit could be that the policyholders were miss-sold the policies, say experts. Given that the chunk of the business for life insurers is from traditional policies (endowment plans) and

the costs are front-loaded in these products, early exits mean customers don't even get their full capital back.

Traditional policies are popular today, and the insurance regulator has to keep an eye on the persistency ratio of companies to make sure that agents are not mis-selling the policies. Often, the agents lure investors by adding the 8 per cent assumed rate of return to the benefit illustration (in the policy document) as guaranteed return.

The incentives for insurance agents and distributors are designed in such a way that they make more when a customer exits his/her existing policy and buys a new one, said an agent with a private insurer who didn't want to be named.

The five-year itch

Persistency ratio (%) for 61st month (based on number of policies)

Future Generali Life	22.60
PNB MetLife	29.00
Aditya Birla Sun Life	32.00
Bajaj Allianz Life	32.40
IndiaFirst Life	33.63
Tata AIA Life	37.97
Bharti AXA Life	38.80
Aviva Life	42.00
HDFC Life	47.18
Max Life	49.00
IDBI Federal Life	49.24
Aegon Life	50.00
LIC of India	51.00
SBI Life	51.06
ICICI Prudential Life	53.30

Source: Public disclosures

For traditional policies, the commissions are 35-45 per cent in the first year and 4-7 per cent from the second year onwards (unlike in mutual funds, where commissions are completely trail now). So, there is an incentive for the insurance agent to make his/her customer replace his/her policy in the greed for a bulk upfront commission.

The Insurance Regulatory and Development Authority of India (IRDAI), however, doesn't buy the argument that lower persistency ratios are due to mis-selling.

"Premature surrender of policies could be due to financial exigencies or because the customer wants to take advantage of the market gains in the case of unit-linked products. It may not be entirely correct to equate policies getting lapsed to mis-sale," said an IRDAI spokesperson.

Filling insurers' kitty

Now, where does the money paid by policyholders who exit early go? While in the first year, a significant amount of premium paid goes towards agent commission, from the second/third year onwards, there may be savings for the insurance company.

After paying staff salaries and other administration costs and expenses on health check-up for the customer (if any), much of what is left goes to the insurer's kitty.

Industry insiders, however, say IRDAI doesn't approve of lapse-supported policies. When a product is filed, it gets regulatory clearance only if the company shows that the longer it stays in force, the higher the returns for the company.

Asked about the profits from lapses for insurance companies, IRDAI said: "When a new policy is issued, the insurance company experiences negative asset-share on the policy on account of high initial expenses and solvency requirements.

Thus...if the policy lapses before adequate levels of reserves are built, there is nothing available under the policy to be paid back, and if the policy lapses when the reserves are sufficient, the life insurer will start recognising the paid-up value under the policy which is payable at maturity, and the surrender value will be paid if contract is terminated prematurely. Life insurers are subjected to strict statutory and regulatory provisions with regard to these matters."

(The writer is Rajalakshmi Nirmal.)

TOP

Source

Life insurers' new biz premium in June jumps 94% to ₹32,241 cr - The Hindu Business Line – 14th July 2019

LIC recorded two-fold rise in its new premium collection to ₹ 26,030.16 crore

Led by LIC, life insurers' collective new premium income jumped 94 per cent to ₹32,241.33 crore in June this year, according to data from Insurance Regulatory and Development Authority.

All the 24 life insurers had written new gross premium of ₹16,611.57 in the same month a year ago. The country's largest life insurer LIC, which is the only state-owned life insurance firm, witnessed more than two-fold rise in its new premium collection to ₹26,030.16 crore in June, from ₹11,167.82 crore in the same period last year.

With this high growth in business, the market share of the insurance behemoth increased to 74 per cent. Remaining 26 per cent has been shared by rest of the 23 private sector players operating in the space. During the month, LIC sold 13.32 lakh policies to collect over ₹25,000 crore in just one month.

Private players performance

Private sector players witnessed an increase of 14.10 per cent in their collective new year business premium at ₹6,211.17 crore in June, as compared to ₹5,443.75 crore collected in the year-ago month.

Among the private players, HDFC Life's new premium rose by 21 per cent year-on-year at ₹1,358.45 crore; SBI Life up 28.14 per cent at 1,310.07 crore; ICICI Prudential Life up 26 per cent at ₹897.98 crore; Bajaj Allianz up 51 per cent at ₹468.51 crore; Max Life up 16 per cent at ₹421.87 crore; Kotak Mahindra Life up 8 per cent at ₹291.89 crore and Tata AIA Life posted 90.26 per cent rise to ₹258.95 crore in June.

India First Life business premium fell 54 per cent to ₹119.31 crore; DHFL Pramerica Life by 65 per cent to ₹48.87 crore; Aditya Birla Sun Life by 40 per cent to ₹212.46 crore; and Reliance Nippon Life by 6.84 per cent to ₹66.81 crore.

Cumulatively, the new premium generated by all the 24 life insurers during April-June period of this fiscal rose by 65 per cent to ₹60,637.22 crore. The April-June, 2019-20 new premium income of LIC increased by 82 per cent to ₹44,794.78 crore. The remaining private sector players' collective cumulative fresh premium rose by 32 per cent to ₹15,842.44 crore in the first quarter of the current fiscal.

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Source

GENERAL INSURANCE

Premium income of non-life insurers falls marginally to Rs 12,937 crore in June – Financial express – 17th July 2019

The gross premium earned by non-life insurance companies fell marginally to Rs 12,936.97 crore in June, according to data from Irdai. The non-life insurers had a collective gross premium of Rs 12,970.66 crore in June 2018.

Of all the 34 players in the non-life insurance sector, 25 general insurers registered a marginal increase in premium collection at Rs 11,868.67 crore during the month, as per the data of Insurance Regulatory and Development Authority of India (Irdai).

These 25 companies had collected Rs 11,571.16 crore in June 2018 as premium income.

The seven standalone private sector health insurers witnessed their collective premium income increase by 31 per cent during the month at Rs 927.25 crore, as against Rs 710.21 crore a year ago. Two specialised PSU insurers– Agricultural Insurance Company of India and ECFC Ltd — together reported a plunge of 80 per cent in their collective premium income in June at Rs 141.04 crore.

They had a collective premium of Rs 689.29 crore in June 2018. On a cumulative basis, the premium of all non-life insurance companies rose 9.91 per cent to Rs 41,063.61 crore during April-June period of 2019-20. For the 25 general insurers, the cumulative premium in three months to June of this fiscal rose 9.90 per cent to Rs 37,919.33 crore.

The standalone private health insurers recorded a jump of 41.57 per cent at Rs 1,977.13 crore in their cumulative premium income while the two specialised PSU insurers saw a plunge of 61 per cent in their April-June premium at Rs 345.22 crore.

TOP

Source

General insurers see 10% premium growth in Q1, PSU insurers take top two spots – Moneycontrol - 16th July 2019

General insurance companies posted a 9.91 percent year-on-year (YoY) increase in gross written premium collection in the June quarter. Premium collection was at Rs 41,063.61 crore in the first quarter but saw a slump in growth due to poor auto sales.

Motor insurance is the largest business segment for general insurers. Since all motor vehicles running on Indian roads are required to have motor third party insurance, whenever sales of automobiles hit a slow lane this consequently impacts policy sales.

Gross Direct Premium Income of General Insurers

	Q1FY19 (Rs crore)	Q1FY20 (Rs crore)	Growth (%)	Market share (%)
New India Assurance	6283.09	7138.78	13.62	17.38
United India Insurance	3611.31	3685.72	2.06	8.98
ICICI Lombard General Insurance	3774.17	3486.87	-7.61	8.49
Oriental Insurance	3232.05	3406.27	5.39	8.3
National Insurance	3549.02	3107.67	-12.44	7.57
Source: IRDAI				

Data from Insurance Regulatory and Development Authority of India (IRDAI) showed that the standalone health insurance companies had a higher rate of growth at 41.57 percent YoY growth at Rs 2,799.06 crore premium.

With respect to the listed entities, the country's largest insurer New India Assurance collected gross premium of Rs 7,138.78 crore in the June quarter, showing a 13.62 percent YoY growth. ICICI Lombard General Insurance had a 7.6 percent YoY drop in its premium collection to Rs 3,486.87 crore in Q1.

On one hand, general insurers' premium numbers have been dwindling, while on the other hand life insurers have seen a double-digit growth in premiums. Life insurance companies clocked 65 percent year-on-year (YoY) growth in the first year premiums in Q1.

IRDAI data showed that life insurers collected new premiums of Rs 60,637.22 crore for the quarter ended June 30. And among them Life Insurance Corporation of India (LIC) posted an 81 percent YoY growth in new premiums at Rs 44,794.78 crore in Q1.

TOP

Source

Government mulls splitting top tier of general insurers - Deccan Chronicle – 16th July 2019

In a move to strengthen governance in the state-owned general insurance companies, the government is likely to recast the top deck structure in all public sector non-life insurers. The Ministry of Finance would soon be issuing new guidelines on appointing the heads of general insurance companies, it is learnt.

As per the current thinking, the post of Chairman and Managing Director will be bifurcated into Managing Director & Chief Executive Officer (MD& CEO) and the selection process will be handled by multiple agencies, with the Finance Ministry also having a say in the selection.

Against the current structure of general insurers having a CMD at the top followed by two directors, the new structure would have a Chairman, followed by MD & CEO and two Executive Directors. There would be no directors in the new structure.

"The top deck in all public sector non-life insurers will be restructured soon. The move is aimed at strengthening the overall governance in the system. The selection process and other related guidelines will be issued shortly by the concerned department of the Finance Ministry," a top source told Financial Chronicle.

It is believed that the government would largely follow the appointment process of public sector banks (except State Bank of India) where the interview and selection process is conducted by the Banks Board Bureau (BBB), an autonomous body.

"The Department of Financial Services (DFS) under the Finance Ministry is also expected to take a call on all the appointments of these key posts in PSU general insurers on the recommendations of chiefs of BBB, IRDAI and GIPSA as well," the source said.

In the banking selection process, public sector banks now have a Chairman/Non-Executive Chairman at the helm, followed by an MD & CEO and two executive directors. In contrast, the state-run general insurers currently have a CMD at the helm, with two directors and below him/her and are generally appointed by General Insurance Public Sector Association (GIPSA) on the basis of seniority.

But the source said, in the new setup, seniority-based promotion would give way to an interview-based selection made by the BBB. To a question if their tenure will also be similar to those of the banks, the source said, the government is working on this aspect.

"The Finance Ministry in consultation with all stakeholders may consider the appointee's tenure like in the banking sector, where the appointment of MD & CEO is for three years or till the date of superannuation, whichever is earlier," the source said.

It is pertinent that though Alice G Vaidyan, the current CMD of GIC Re, is retiring this month-end, the government has not yet announced her replacement, nor has it begun the process of finding a successor. Similar is the story for directors.

"The restructure move of the government could be the prime reason why it has not yet replaced the directors at the general insurance companies," an industry source said.

(The writer is Madhusudan Sahoo.)

TOP

Source

Merger of three PSU general insurance companies to get 'serious push' this fiscal – The Indian Express - 15th July 2019

Budget 2019-20 – announced by incumbent Finance Minister Nirmala Sitharaman – has proposed the enabling provision for the merger of non-life insurance companies by seeking to amend the General Insurance Business Nationalization Act.

The government is planning to expedite the merger of three public sector general insurance companies – National Insurance Company, Oriental Insurance Company and United India Insurance Company. Though former Finance Minister Arun Jaitley had announced their merger in his Budget speech 2018-19, there was hardly any momentum in its implementation. However, sources in the Finance Ministry have indicated that the government is now serious about the merger of three companies.

Advertising

"Earlier, the department of disinvestment had its own ideas as to how this merger of three companies has to happen to maximise the valuation potential. After examining everything over time, we have decided to go ahead with the merger plan that was announced in Budget 2018-19," sources said.

Meanwhile, Budget 2019-20 – announced by incumbent Finance Minister Nirmala Sitharaman – has proposed the enabling provision for the merger of non-life insurance companies by seeking to amend the General Insurance Business Nationalization Act. The Finance Bill proposes to replace the section that says "there will be four companies" with "there will up to four companies".

This means there could be three companies or two companies or just one entity in the government sector. The three companies had appointed EY as a consultant for the merger. With continuity in the elected government ensured, action on the merger of the three public sector undertaking (PSU) general insurance companies is bound to gather momentum now.

"Merger of three weak companies may not immediately create one strong company. But it will surely eliminate suicidal business competition among the three," said KK Srinivasan, former member, Insurance Regulatory and Development Authority of India.

After the 2018-19 Budget speech, "there was little concrete action on the merger. The intervening period of uncertainty, coupled with delays in appointment of CMDs of two out of the three companies, appear to have adversely affected the performance of the three. Any further delay will not augur well for the health of these companies," he added.

The three companies have different technology and IT platforms. Platform migration and integration will be an immediate challenge. Apart from the technological issues, there will also be formidable HR issues given the proliferation of trade unions in the three PSU insurance companies. "Here the role played by the chairman of SBI in the smooth merger of its associate banks with it, perhaps will serve an example worth learning from," Srinivasan said.

Though the proposed merger of three PSU general insurers to create the largest general insurance company in the country, the plan is likely to make redundant 10,000-15,000 excess staff and result in savings of over Rs 3,000 crore annually, insurance officials said. While these insurers each have around 800-900 branches and around 15,000 employees and Rs 30,000 crore of assets, it is not clear what they will do with the excess staff.

Officials said cut-throat competition among state-run general insurers will come to an end after the merger, and cost of operations will come down. As of now, all three firms put together have 90 regional

offices, which will now come down to 30 post merger. The three companies, among themselves, have some 1,200 divisional offices (DOs) with each DO costing around Rs 5 crore annually.

"If the number of DOs is rationalised and some shifted to unrepresented areas and the total number reduced to around 600, the savings in cost is around Rs 3,000 crore annually. The huge savings in cost alone will turn the entity into a profitable one, provided the business momentum is maintained," said an official.

"More than physical merger, emotional integration of the companies is important to achieve the desired results,'' said the CMD of a public sector insurance company, who wished for anonymity. The four PSU general companies were created in the 1970s to provide a modicum of competition in the government monopoly environment.

With liberalisation and opening up of the market to private players, unhealthy competition among the four companies has resulted in them rapidly going down in terms of profitability and solvency. It is worth noting that unlike unions in other public sector companies, all major unions in the public sector general insurance companies have demanded merger of state-owned general insurers. The government is unlikely to face any opposition from the unions for merger.

(The writer is George Mathew.)

TOP

Source

Govt. move to privatise General Insurance Corporation opposed – The Hindu – 15th July 2019

The State government has prepared the ground divest 14 % of its stake in the General Insurance Corporation of India (GIC) and the employees should launch a struggle against it, All India Insurance Employees' Association (AIIEA) president Amanullah Khan has said.

Participating as the chief guest at the inaugural of the three-day 17th triennial conference of the General Insurance Employees Association (South Zone) here on Sunday, Mr. Khan said the government's decision to allow Foreign Direct Investment (FDI) in the insurance sector could hit the public sector general insurance companies badly. This was because the insurance brokers would prefer to sell more of private sector products due to inducements by the latter.

"The private sector would pump more funds while the government has no funds to invest. Foreign investors would invest huge funds and indulge in aggressive marketing throwing an uneven challenge to the public sector general insurance companies. They would only foray into areas such as air ticket insurance, air ticket cancellation insurance, where the risk is minimal," he observed.

'Double standards'

Mr. Khan further said that LIC was continuously posting growth despite competition from private players due to the introduction of innovative products and advised the GIC to launch innovative products. He also flayed the 'double standards' of the Insurance Regulatory Development Authority (IRDA), saying that it was playing the 'regulator' in the case of public sector insurance firms while failing to control the 'unethical' practices of private insurance companies such as offering inducements to insurance buyers.

GIC South Zone president Shashi hoisted the flag to mark the inauguration of the meet.

CITU leader Ch. Narasinga Rao spoke about the struggles made in Visakhapatnam for protecting the Visakhapatnam Steel Plant (VSP) and the Dredging Corporation of India (DCI) from being privatised. AIIEA general secretary V. Ramesh, GIC leader Prakash Rao and others were present.

TOP

Source

Government moots insurance coverage for properties - The Times of India – 14th July 2019

The devastation caused by the floods that hit the state last year has prompted the state government to think of setting up an insurance scheme for properties covering natural disaster and calamities, that would ensure a minimum flat insurance coverage for all the houses.

The state disaster management authority (SDMA) is in talks with public sector insurance companies to strike a deal, so that in case of a calamity and the property owners paying a premium, will get insurance coverage for the damaged property in a natural disaster. The discussions are being held with Oriental Insurance Company, United India Insurance, New India Assurance and National Insurance.

"The matter is in the active discussion stage. The SDMA is proposing that this should not be limited to the houses alone, but to all government buildings as well," member secretary of Kerala state disaster management authority Sekhar L Kuriakose said. He said that the proposal was such that for the close to three lakh houses that suffered 15% to 100% damages in the last floods, the insurance premium for a certain period can be borne by the state.

According to top government sources, for all those houses that would join the insurance scheme, a reasonable and affordable premium is being worked out. "It is being worked out. "It is being worked out in such a way that the property gets insurance coverage up to a maximum of Rs 10 lakh, beginning from a minimum assured sum. It would be unlike the private insurance where the properties covered under insurance would receive insurance sum based on the evaluator's report," sources said.

The state has taken a cue from its experience of the floods, when only a maximum of Rs 1,01,900 was offered by the Centre on the basis of existing disaster management rules as financial relief to the damaged houses. The state government added funds from the chief minister's distress relief fund (CMDRF) to provide assistance up to Rs 4 lakh. "We could manage it because people world over generously contributed towards the CMDRF. It may not be the case during another natural calamity. Putting in place an insurance scheme would be of great relief," sources said.

Of the 15, 079 houses that were completely destroyed in the floods, 9,329 beneficiaries had agreed to undertake reconstruction of their houses. Construction of 1,990 houses. Construction of 1,990 houses have been undertaken under Care Home project, 1,225 houses through local sponsorship and 245 houses are being constructed through corporate social responsibility initiatives.

(The writer is KP Saikiran.)

TOP

Source

Term Insurance Vs Home Loan Insurance: Which is a better bet for you to protect your home loan? – Financial Express – 13th July 2019

Buying a home, a place of your own, is a dream most of us strive to fulfil. That being said, if you have taken a home loan, you may have had to deal with lenders pushing some form of home loan protection plan at you at the time of loan approval. Although such home loan protection plans, commonly known as mortgage insurance or home loan insurance, are not mandated by any regulatory body, lenders insist that you get home loan insurance so that they can protect themselves against credit or lending risks.

This is not to say that home loan insurance protects only the lender. It can be beneficial to you (the borrower) as well. Say, for example, if the lender dies before clearing the home loan in full, the mortgage

insurance plan can pay off the outstanding loan amount to the lender if the insurance policy allows for such a provision.

Let's dig a bit deeper on this.

So, what exactly is home loan insurance?
This is a type of insurance plan that offers you (a home loan borrower) coverage against loan repayment risk for the period of the loan tenure. In the event of your sudden demise or disability (or even temporary job loss in some cases), the insurer will pay the outstanding loan amount to the lender. In this way, both the lender and your dependents are protected as the burden of debt liability will not fall on the shoulders of your spouse or heirs.

Lenders, usually, offer a single premium insurance plan with your home loan. Under such a plan, the single premium amount is likely to be added to your home loan and subsequently, there will be an increase in your home loan Equated Monthly Instalment (EMI). At times, lenders seek a separate premium payment during the loan approval process.

How beneficial is home loan insurance?
The surviving family members will be saved from taking up the responsibility of settling your loan liabilities after your demise during the loan tenure.

There will be a marked decrease in bad debts for the lender, i.e. the number of loans turning into bad debts every year will reduce when the loans are paid off by the insurance company when the borrower is unable to do so.

Opting for a loan protection plan can work in your favour when applying for a home loan as lenders tend to look at credit or lending risks before approving or rejecting a loan application. With a loan protection plan, the chances of you defaulting on a loan are negated.

Term insurance Vs. Mortgage insurance
Two ways by which you can get protection against loan repayment risks are a term insurance plan and a separate home loan protection plan. A term insurance plan, upon your demise, will pay out a lump sum amount as a death benefit to your dependent or beneficiary who in turn can use it to pay off the outstanding loan amount.

Home loan offers tax benefits of up to Rs 2 lakh on the interest paid under Section 24B, and now an additional benefit of up to Rs 1.5 lakh under Section 80EEA for loans on property valued not more than Rs 45 lakh after the Finance Minister Nirmala Sitharaman's Union Budget 2019 speech. Also, the home loan principal component and term insurance premiums can be used to claim tax benefit of up to Rs 1.5 lakh under Section 80C. As such, if you're yet to exhaust your 80C tax benefits, another term insurance for home loan protection can help you do the same.

Term plans are low-cost, pure risk cover plans with no maturity benefit. Mortgage insurance and term insurance may seem similar in terms of cost, add-ons such as critical illness cover, disability cover, unemployment cover, etc. depending on the policy terms and conditions. Both come with no maturity benefit. However, they do differ in various other ways. Let's discuss some of them to help you make a decision.

Which one should you go for?
When it comes to the cost of insurance premium, term insurance is more affordable as the premium for a separate loan protection plan is comparatively higher when it is added to the overall cost of the loan.

In terms of coverage, a term plan is an umbrella cover that pays out death benefit which can be used for any purpose. Whereas a home loan insurance plan covers only the outstanding loan amount. Therefore, the sum assured will decrease over the policy term (as the loan gets repaid) until it becomes zero.

However, when refinancing a home loan or changing its tenure to suit your loan repayment capability, the tenure of the existing home loan insurance plan can't be changed. Also, insurance portability is not allowed under home loan protection plans if you decide to switch lenders.

Also, under term plans, life cover can be increased to include your sanctioned loan amount, but the same can't be done in the case of home loan protection plans. If you choose to foreclose the loan, the one-time premium paid for home loan insurance will not be refunded.

The key is to make an informed decision

If you already have adequate term insurance coverage, you may not need another insurance to cover your loan. However, it's critical to underscore that the sum assured of your term insurance plan should be at least 10 times your current annual income.

On the other hand, if you are not adequately insured, this might be a good option as you can enjoy additional tax benefits while safeguarding your family against a major financial liability. Since home loan insurance is optional, you can make an informed purchase decision by taking the above into consideration and based on your financial requirements. However, avoid buying a plan just because your lender pressurizes you to do so, especially when you already have adequate term insurance coverage.

(The writer is Adhil Shetty.)

TOP

Source

HEALTH INSURANCE

Now, 110 insurance products covering mental illness in India: FM Nirmala Sitharaman informs Lok Sabha – Moneycontrol – 18th July 2019

Indians now have 110 insurance products to choose for their mental health ailments. Responding to a query in the Lok Sabha, Finance Minister Nirmala Sitharaman said that the insurance regulator has approved 110 such products since August 16, 2018.

The Mental Healthcare Act 2017 came into force from May 29, 2018. This Act mandates every insurer to ensure medical insurance for mental health ailments. Law had said that this would be similar to the regular health insurance available for physical illnesses.

The public sector general insurance companies have informed that approximately 1,00,000 persons across the country have been covered since 2018 under various products which include mental illness. Insurance Regulatory and Development Authority of India (IRDAI) had issued a circular in August 2018 asking insurers to comply with the said provisions of the Mental Healthcare Act 2017.

IRDAI had also advised insurers to ensure that the persons affected with mental illness are given similar treatment as persons affected with physical illness. They were also asked to disseminate the underwriting policy put in place in this regard and communicate the same to their officials across all their offices and to sales persons working in the field.

Mental health coverage means that insurance will provided for cases of clinical depression which is one of the common ailments. This includes therapy with a professional psychologist/psychiatrist for mental health issues as well as medications and hospitalisation will be covered by health insurance. Therapy,

one of the common treatments for mental illnesses costs about Rs 1,500-2,000 per session and is excluded from medical insurance policies.

The Mental Healthcare Act 2017 looks at providing mental healthcare and services for persons with mental illness. All related services like hospitalisation and treatment are covered under the Act, which also prohibits discrimination against people with mental health issues.

(The writer is M Saraswathy.)

TOP

Source

An Ayushman Bharat database is a good step - The Financial Express – 18th July 2019

Setting up a health-data repository of Ayushman Bharat beneficiaries, especially with Aadhaar linkage—a health ministry panel recently recommended this, as per The Indian Express—is a significant step forward towards not just better public health management and fraud prevention in the government's flagship health insurance scheme but also nurturing an ecosystem of health-related enterprises, creating jobs. The National Digital Health Mission (NDHM) that the panel proposes mirrors the goals of the National Health Stack that the NITI Aayog had talked about last year; data collected from Ayushman Bharat will be managed and analysed digitally, and a system of personal health records would be created. Aadhaar linkage would mean that every health-related detail is entered into a beneficiary's record even if she avails of the healthcare coverage at different places; but, given, the committee notes, Aadhaar can't be used in every context as per existing regulations, linking an element of the PHI to Aadhaar—name of patient and that of her immediate family along with personal details like gender, date of birth, or mobile number or e-mail ID, etc—will be a must if the mission goals are to be realised.

The government must learn the right lessons from Rajasthan's Bhamashah experience—a PSU insurer burnt its fingers, thanks to fraudulent claims in the absence of a robust verification such as Aaadhaar-based one, and walked out. The insurer's pain, though, helped flag the fraud. With as many as 14 states and three UTs out of the 33 that are implementing Ayushman Bharat having chosen the trust-only model (nine have opted for insurance-only and seven have opted for trust-&-insurance), frauds will bilk the government since checks at the level of the insurer will be absent—having a third-party administrator, too, doesn't help if fraud is effected with the connivance of the administrator or happens due to its failure to monitor rigorously.

Apart from fraud reduction, an Aadhaar-linked health-data repository offers many positives. This will allow a beneficiary to migrate—the scheme targets BPL families, many of which see members frequently move from city to city for jobs—without having to worry about safe-keeping and physically carrying around her health records. Such portability is also an advantage for the government, given it means a disease trail to study contagion, if the case is such, is there for it to follow. Consolidated health data means healthcare professionals will be able to serve the beneficiary better, more so, if they are aided by artificial intelligence and big-data analytics. Data analytics can also be used by the government to map disease/location specific healthcare expenses to check over-billing, to settle claims faster and even in epidemiology to study endemic diseases that can be used to hone community medicine intervention. With the appropriate privacy safeguards, data mined from such a wide pool of patients as the one Ayushman Bharat serves presents an enormous advantage to medical research in the country.

Source

TOP

Have you covered these risks before monsoon impacts your wallet? - Financial Express – 17th July 2019

After the hot summer days, the onset of the rainy season is anxiously awaited by all but at times too much rain within a short span of time and ill-equipped drainage system of our cities make the monsoon season troublesome not only for farmers but also to the urban population. There could be a financial strain on one's budget or one may even have to dip into one's investment in order to meet the expenses incurred during monsoon showers. It is, therefore, suggested to take care of the risks involved during monsoons by taking adequate and the right insurance product to cover each of such risks. To cover the risks arising out of monsoon, one needs to be adequately protected at all fronts such as health, motor, home and from accidents.

"Health insurance protects you against the medical expenses as there are higher chances of one falling ill due to water-borne diseases, mosquitoes, etc. Comprehensive motor insurance with add-ons like engine protector, return to invoice, and roadside assistance is highly beneficial during the rainy season. If one travels using a vehicle in this season where road conditions are a big concern, personal accident insurance also becomes of significant importance. If one resides in areas prone to landslides, floods, etc, a home insurance plan becomes a lifesaver," says Mahavir Chopra, Director, Health, Life & Strategic Initiatives, Coverfox.com.

Your travel plans

Monsoon is also a time to travel and experience the best of nature during these times. However, for those travelling with families need to be extra cautious during these days. Your travel plans can go haywire with flights being cancelled or re-scheduled amongst other hassles. "If one is planning a vacation during the monsoon season, a travel insurance plan becomes essential. It provides cover for emergency medical expenses, personal liability, personal accident, flight delays, delay of checked-in baggage, loss of baggage, loss of personal documents, dental treatment, medical evacuation, contingency travel benefit, financial emergency assistance, trip cancellation, trip delay, hijacks, burglary in your absence, etc," says Chopra. For those who are planning a monsoon trip, the Road Trip Cover from Bajaj Finserv could be looked at. For Rs. 599 it comes with a coverage of up to Rs. 3 lakh with benefits like financial coverage in case one is stranded and need an emergency hotel or travel bookings, roadside assistance in case one's car breaks down etc.

Your car cover

If you think, having a car insurance policy is enough to tide over the monsoon pain, think again. The damage to the engine of the car during monsoon may not be a part of the car policy and therefore buying Engine Protector as an Add-On helps. "Engine protector add-on cover pays for damages caused to the car's engine or its most important parts like gearbox, cylinder, piston, pins, crankshaft, etc. due to water ingression, hydrostatic lock, leakage of lubricating oil, etc. This kind of engine damage is excluded in a standard comprehensive motor insurance policy, informs Chopra.

OPD treatments during monsoon

Not all health insurance plans cover the OPD expenses and require a minimum of 24 hours of hospitalization even though there may be a need for an OPD treatment during monsoon. However, of late there are certain plans that are coming out with such features. "Apollo Munich and Max Bupa have already introduced health insurance plans with features like Cashless OPD Claims or using the OPD benefit for setting off future premiums. Apollo Munich's Health Wallet provides reserve benefit which can be used for paying OPD expenses, bills for diagnostic tests or medicines, doctor's consultation fees, etc. Max Bupa's Go Active provides 10 cashless or reimbursable OPD consultations a year through Practo's

Network. ICICI Lombard has an add-on which can be attached with their Complete Health Insurance Plan to get OPD benefits," informs Chopra.

Dengue Covers

Dengue-related incidence of hospitalization is typically on a rise during monsoons. "With the Dengue Cover from Bajaj Finserv, you can get coverage up to Rs. 50,000 at a premium of just Rs. 299 to treat vector-borne diseases like dengue and malaria. This includes expenses of pre-hospitalization, hospitalization, medication, doctor's fee, treatment charges, and hospital room rent up to the specified limit," says Bajaj Finserv Spokesperson. But, should one consider buying dengue cover around monsoons? "Dengue Cover is a disease-specific policy, which covers hospitalization expenses, outpatient consultation expenses, diagnostic tests, medicine bills, home nursing and other related expenses for treatment of Dengue. Having a disease-specific policy helps to keep the sum insured and accumulated no-claim benefits intact on the primary health insurance policy. But buying a dengue cover plan can seem like a far-fetched idea as it only covers one disease which is dengue and nothing else," suggests Chopra.

Personal accident plan and monsoons

Having a personal accident cover also helps during monsoon. Even though it will not pay for minor injuries, major casualties will get covered. "During the monsoons, the risk of accidents increases many folds due to factors like potholes on roads, low visibility, water-logging and slippery surfaces. In case of an accident, a personal accident insurance plan pays a predetermined sum assured in the event of death, total permanent disability, partial permanent disability or temporary total disability of the policyholder. A personal accident insurance policy does not pay for the treatment in case of an accident but it surely fills the gap in case of loss of income," says Chopra.

If you are looking to buy a cover specifically for risks arising out of monsoons, the Monsoon Cover from Bajaj Finserv could come handy as it protects one against events like falling sick or meeting with an accident during the monsoon. "You can get coverage up to Rs. 50,000 at a premium of Rs. 649. This includes hospitalization expenses for treatment of specific diseases or injuries sustained due to an accident. Along with this, you also get coverage for the cost of diagnostic tests, doctor's fees, medicines and hospital room rent up to the specified limit," informs Bajaj Finserv Spokesperson. In addition, Bajaj Finserv has Waterborne Disease Cover that has a coverage of Rs. 50,000 at a premium of Rs. 349 and the Infection Cover with coverage up to Rs. 50,000 at a premium of Rs. 79.

(The writer is Sunil Dhawan.)

TOP

Source

Now you can buy health insurance policies that also cover mental health – The Indian Express – 17th July 2019

The stigma surrounding mental health issues is said to have restricted people from seeking treatment for it. One report said that the fear of being viewed differently has resulted in a little over 55 per cent of Indian adults with mental illness not receiving any treatment throughout their lives. It also doesn't help that the cost of treating mental ailments can be high.

But it's not just expenses that restrict people from taking adequate treatment. In fact, India's current healthcare system is not prepared to effectively treat ailments related to mental health. Mental health experts believe that a majority of behavioural conditions in patients with mental illness need to be screened and treated early. Unfortunately, most hospitals lack the minimum amenities required for treating physical and behavioural conditions. The

number of mental healthcare specialists in India, which includes behavioural professionals and psychiatrists, is also significantly low. All these factors make it very difficult for patients to obtain effective treatment.

What the IRDA said

With the aim of making mental healthcare available to all, the Insurance Regulatory and Development Authority of India (IRDAI), in its exposure draft issued last year, asked mental illnesses and several other health issues to be included in all regular health insurance coverage. Under the exposure draft, IRDAI made it quite clear that insurers cannot deny coverage to policyholders who have used opioids or anti-depressants in the past. Also, insurers can't deny coverage to people with a proven history of clinical depression, personality or neurodegenerative disorders, sociopathy and psychopathy.

The IRDAI also directed insurers to include puberty and menopause-related disorders as well as age-related macular problems in regular health insurance schemes. After the directions were issued, many insurers have started developing products that cater to the specific needs of people suffering from mental illnesses.

(The writer is Amit Chhabra.)

TOP

Source

Health Insurance: How to pick the right health cover - Financial Express – 17th July 2019

Healthcare problems come unannounced, leading to unaccounted expenses derailing your financial planning. Medical inflation rates are increasing exponentially owing to the advancement of modern technology making it unaffordable for many citizens. Health insurance has hence become significantly important which provides health coverage, which helps reduce your unforeseen financial burden.

Conventionally, most Indians are covered under the group health insurance policies provided by their employers. However, a majority of people are unaware of the benefits of health insurance products available in the market curated for different target groups. Availing such benefits can lead to substantial financial savings from unknown medical exigencies. Having health insurance helps you get cashless medical treatment or reimburse your medical expenses up to the Sum Insured amount. However, it is important to understand the kind of policies available and choosing the right health insurance coverage as per your health conditions and family type.

In India currently, there are primarily two types of health Insurance covers – namely, individual health insurance policy and family floater policies.

Individual Health Insurance Policy

This insurance plan covers only one individual who receives the benefit of the policy. Under this plan, each family member can avail an individual sum insured. The individual health insurance plan covers the expenses incurred due to hospitalization, doctor's consultation, ambulance services, treatment charges and pre and post-hospitalization expenses. The premium amount is calculated according to the Sum Insured value that you as a customer choose. In this type of health insurance plan, you can buy independent healthcare policies for each member of your family. This type of cover is a good option for you, if you are single and looking for a cover just for yourself, whereas, your parents are covered with a separate senior citizen insurance cover.

Family Floater Policy
Family Floater health insurance plans are suitably designed to safeguard the healthcare cost of the whole family. Through family floater health insurance plan, you can avail maximum benefit for the money spent. Having a single policy removes the hassle of maintaining multiple policies for your family members. Family floater is the ideal plan to cover your parents, spouse and kids, all under one single health insurance policy.

Senior Citizen Insurance Policy
This type of cover is a good option for customers above 60 years of age. With the growing age, healthcare needs tend to rise. Therefore, insurance covers developed specifically for this age group offer customized coverage and facilities. There is a different tax deduction slab offered by the government for customers opting for Health Insurance for Senior Citizens.

Therefore, it is important to understand and assess health insurance needs and accordingly choose a health insurance plan that provides adequate coverage. Also, apart from looking at just premium and cost, factors such as deductibles, co-pay clauses, sub-limits, disease waiting periods, density of network also need to be assessed so that you are not distressed at the time of a claim.

(The writer is Sasikumar Adidamu.)

TOP

Source

NHA looks to make Ayushman Bharat more viable - The Economic Times (Mumbai edition)– 17th July 2019

The National Health Authority (NHA) managing the Ayushman Bharat insurance scheme is considering introducing a 'collective bargaining' policy for medical devices, seeking to answer criticism that the programme lacks sufficient viability at the specified procedure rates.

The idea behind this policy is to lower purchase costs for hospitals, helping make the procedure rates sustainable that would allow the scheme to expand to more number of beneficiaries, said top officials associated with the scheme.

Indu Bhushan, CEO of NHA, told ET that as is seen globally, countries moving towards universal health coverage are in a better place to collectively bargain with pharmaceutical companies and medical device manufacturers as they negotiate the prices on a country level, rather than a state/province or the hospital level.

With the launch of PMJAY (Pradhan Mantri Jan ArogyaYojana), covering more about 10.74 crore families, National Health Authority (NHA) is in that unique position to explore collective bargaining with these providers. However, NHA will be exploring this in coordination with National Pharmaceutical Pricing Authority (NPPA), which is the nodal authority in the country for this purpose. NHA will also be conducting industry-wide consultations to rationalise and rework the prices of drugs, implants and devices, Bhushan added.

In the last two years the NPPA has pushed medical device makers to cut prices of high value devices like stents and knee implants, which has led to a diplomatic tussle between India and United States.

Ayushman Bharat provides insurance cover of up to ?5 lakh to a low income family of five, and covers 1,350 medical procedures. Since its launch a year ago, about 6 million people have been beneficiaries of the scheme, according to the NHA. By reducing device procurement costs, which form a big proportion of the overall package expenses, NHA is seeking to make the rates workable.

The proposal suggests hospitals make their purchases for patients covered under this scheme through the government e-market place (GEM) where the tender procurement guidelines will look at the best available quotations of price and quality standards. The department of health research has been asked to prepare a list of devices most commonly procured by hospitals.

A concept note prepared by Ai-MeD (Association of Indian Manufacturers of Medical Devices) on this policy says that despite the government offering a 15% price benefit to hospitals that are NABH accredited, the package rates under Ayushman Bharat is not viable, forcing hospitals to opt out of treating patients under the scheme.

The procurement policy, if it were to work out, will help meet the objectives of reducing costs, maintaining device quality, and giving incentives to the Make in India programme. Under Ayushman Bharat scheme, a hospital cannot charge more than Rs 1-1.5 lakh for a cardiac surgery.

(The writer is Divya Rajagopal.)

TOP

Source

Govt to use AI to curb frauds in Ayushman Bharat – The Economic Times – 13th July 2019

The rapidly increasing popularity of the government's flagship health insurance scheme Ayushman Bharat has also made it equally vulnerable to frauds. This has prompted the government to put in put in place extra layers of protection by using artificial intelligence, monitoring utilisation trends, and forming standard treatment protocols to check irregularities including overcharging, wrong billing, over testing, beneficiary duplication and abuse in referral mechanism.

While the scheme has touched almost 30 lakh beneficiaries within 10 months of its launch in September last year, the anti-fraud unit of the National Health Authority (NHA) - the government's implementing agency for the scheme – is proactively detecting potential fraud cases and conducting detailed investigation before taking action.

The NHA has issued show-cause notices to 48 hospitals across the country so far, out of which 31 hospitals have been suspended following detailed investigation, a senior official said.

"For three such cases that were confirmed as fraud, first information report (FIRs) have been filed by the State Anti Fraud Unit and they have been de-empanelled already. Action has been initiated to recover the amount claimed falsely by the hospitals and additional penalties have also been imposed as per the anti-fraud guidelines," the official said.

The irregularities detected by the anti-fraud wing of NHA includes cases like abuse of referral mechanism in a few hospitals where doctors in certain public hospitals were illegally issuing referral slips for a private hospital in return for pecuniary benefits.

In another such case, the anti-fraud wing of the agency observed the treating doctor in a public hospital was referring the case to his own private clinic even as there was no specialist available to treat the patient in the private clinic.

"These cases were detected because of strict gatekeeping. We investigated these cases without any delay and disciplinary action was initiated immediately," another official said.

Fraud cases also include billing of services not provided or wrong coding of packages to charge a higher amount etc. To keep a check on such tendencies of hospitals to overcharge and other related issues, NHA has introduced all-inclusive package rates.

Hospitals were also found abusing the pre-authorisation norm, which is actually meant to keep a check on claims. The pre-authorisation needs to be approved within six hours of admitting and treating patients under the scheme and if the authority concerned does not approve within six hours, it is deemed to be approved.

Some hospitals were found initiating the process late at night when there would be no one to approve. To address this loophole, now regular requests are being entertained only between 10 am and 5 pm. At other times, only emergencies will be looked into.

Besides, all pre-authorisation and claims transactions are carried out on-line basis for efficiency and complete transparency. NHA has also designed IT systems and processes with checks and balances for all processes – beneficiary identification, transaction management system, funds flow, claims payment etc.

NHA maintains it is walking a tightrope to strengthen the system by tightening the noose around private hospitals and insurance companies while ensuring a smooth access of health care services for beneficiaries of the scheme.

(The writer is Sushmi Dey.)

Source

TOP

MOTOR INSURANCE

Can standalone OD car insurance policy remain valid if third-party insurance expires earlier? - The Economic Times – 18th July 2019

Last year, the Insurance Regulatory Development Authority of India (IRDAI) issued new guidelines for motor insurance policies for new vehicle owners (i.e., those who bought vehicles on or after September 1, 2018). Insurers are now allowed to offer stand-alone annual own damage (OD) insurance policies (including stand-alone own damage policy for fire and/or theft) for cars and two-wheelers, both new and old.

Till September 1, 2018, only two types of motor insurance policies were available where vehicle owners could either buy a third-party cover for their car or buy a comprehensive insurance policy which included OD insurance policy and third-party insurance for one year.

However, on and after September 1, 2018, IRDAI allowed insurers to offer long-term motor insurance policies and made long-term third-party insurance compulsory for new vehicle owners.

Thereafter, new vehicle owners who bought the compulsory long-term third-party cover for their vehicles had the option of buying any one of the three types of insurance policies.

Type 1. A long-term comprehensive insurance policy which would provide 3-year comprehensive covers for cars. This comprehensive cover includes both vehicle OD policy and third-party insurance.

Type 2. A bundled cover with a 3-year third-party cover and a 1-year term for OD cover for cars. So, if you purchased this cover last year, then your OD cover would be expiring some time now.

Insures have now been allowed by IRDAI to offer one-year standalone OD cover to new vehicle owners from September 1, 2019. Therefore, now they can renew/buy the own damage component by purchasing 1-year standalone OD policy from the same or different insurer.

Type 3.A standalone long-term third-party insurance policy. If you have bought only long-term third-party motor insurance without OD cover, you can now buy 1-year OD cover if you want to.

Now this is the question that arises: what happens if the owner wants to buy OD policy after some time of buying the third-party cover? Alternatively, what if the new vehicle owner does not renew the standalone OD policy on expiry of the previous 1-year OD policy but buys a new OD policy after a time gap?

In a scenario like this, the standalone 1-year OD policy may expire after the third-party policy expires at the end of the 3 years of the latter's term, i.e., there will be a time period when the third-party insurance would have expired (unless renewed) but the OD policy term would not have expired.

So, will the standalone 1-year OD cover remain valid for a vehicle if its third-party insurance expires before? Or, will the insurer issue the standalone 1-year OD policy on a pro rata basis so that standalone 1-year OD policy and the third-party insurance cover expires on the same date?

Currently, in India, it is mandatory for vehicle owners to buy third-party insurance, and according to the new IRDAI guidelines, you can only buy a standalone 1-year OD policy if you already have a motor third-party cover or take it simultaneously. However, in the notification, IRDAI has not mentioned for how long (time period of the policy) one has to buy standalone 1-year OD policy if one misses the renewal date of the previous OD policy and buys it after a month or so.

Here's what insurance experts have to say.

Some insurers say that OD cover must be co-terminus with third-party cover.
According to IRDAI guidelines, one of the conditions of selling or purchasing a standalone OD cover is that the name of the insurer, policy number and the start date and end date of the third-party policy that you already have bought simultaneously has to be specified in the Own Damage policy document.

In view of this statement, Kapil Mehta, CEO, Securenow.in, a Delhi-based insurance broker, said that the insurer cannot issue a policy where the OD policy end date exceeds the third-party policy end date, as for an OD policy to be valid it is required to be bundled with a third-party policy. "If you purchase a third-party policy which is issued for a time period of three years and for some reasons you do not purchase an OD policy, the insurer can issue an OD policy on pro-rata basis either in the beginning or in the end of the third-party policy period, provided the end date of the standalone OD policy does not extend the end date of the third-party policy."

Mehta explains, if a motor vehicle owner 'A' purchases a third-party policy as on July 1, 2019, the policy end date will be June 30, 2022. Now if 'A' wants to buy an OD policy on October 1, 2019, the insurer can either issue an OD policy on pro-rata basis from October 1, 2019 to June 30, 2020 followed by 2 annual OD policies or October 1, 2021 to June 30, 2022 after two annual OD policies. In both the cases, the condition of OD policy end date not exceeding the third-party policy end date will be met.

Devendra Rane, founder & CTO, Coverfox.com said that as per IRDA ruling for short-term policies, both OD cover and third-party premiums can be charged for any duration of the cover. This can be used by an insurance company to either create a short-term third-party policy for the duration equal to the difference of OD cover and third-party expiry, or an OD cover can be created on a pro-rata basis to match the balance term of the third-party cover, he said. It will be a decision that an insurer would take according to the need of providing the best user experience, according to Rane.

"Hence, the most likely outcome would be that OD cover premium would be charged on a pro-rata basis as per the IRDA guidelines of a short-term cover. This is because it simplifies the user experience and

takes away a lot of deliberation at the customer end. However, insurance companies might implement things as per their internal systems," he said.

Ravi chandran N, EVP & CTO, Kotak Mahindra General Insurance Company, said there are multiple scenarios that could exist in the new regime. As per IRDAI regulations, the long-term third-party cover is mandatory for brand new private cars and two-wheelers. However, expiry of the own damage cover cannot be later than the expiry of the third-party cover. Which means no policy can have own damage coverage beyond the validity of third-party coverage. "So, there may be scenarios where own damage cover has expired and third-party cover continues but vice versa cannot happen. Even for buying standalone own damage cover policies, you need to have a valid third-party policy coverage," he said.

Some insurers feel that OD cover and third-party cover need not be co-terminus.
According to IRDAI guidelines you can renew the standalone own damage policy with the existing insurer or different insurer only on an annual basis.

In view of the above, Tarun Mathur, Chief Business Officer- General Insurance, Policybazaar.com said that there is no clarity from the regulator on the treatment of standalone OD policy yet. However, if a situation crops up where the OD policy expiry date is later than the third-party policy date, then the OD policy will run as a standalone policy. "The policy cycle will be for one-year and will remain active for that duration," he said.

Mathur explains, suppose if you have a third-party policy which is expiring on December 7, 2019 and you buy a standalone 1-yearOD policy on September 1, 2019. In such a case, even after your third-party policy expires in December, your OD policy will continue as it will be issued for the period of one year. However, you have to renew your third-party policy immediately as without this you cannot drive your car in India (as per law), he adds.

Naval Goel, CEO & founder of PolicyX.com said that in a situation when OD expiry date is later than third-party policy expiry date, the OD cover will remain active till its expiry and will offer the OD coverage to the insured's car. The reason behind the same is that these two are a totally different covers, third-party insurance covers damage to a third party caused by the insured's vehicle and OD insurance covers damage to the insured's own vehicle only. So, in such a situation, insurance of the insured's vehicle will be active till its expiry, but the insured will have to renew the third party cover as well as it is mandatory to have by Indian law. However, such situations are very rare, he added.

"It is advisable for you to go for a comprehensive cover in the first place so that you are completely covered against different unwanted road emergencies," he said.

Some insurers feel the matter needs further clarification.
However, a senior official from Bajaj Allianz General Insurance said, "At the moment we cannot share any response on the subject matter. We are seeking clarity on this issue from IRDAI. The General Insurance Council (GIC) has taken up the issue with the regulator for the entire industry."

(The writer is Navneet Dubey.)

TOP

Source

Fake motor insurance policies more than double in last two years - The Times of India – 18th July 2019

Fake motor insurance policies have more than doubled from 498 cases to 1,192 cases, with more than Rs 53.7 crore worth fake policies sold in India in the last two years, data from IRDAI's fraud monitoring cell showed. For the year 2016-17 498 fake policies were sold, which rose to 823 in 2017-18, which further increased to 1192 in 2018-19, finance minister Nirmala Sitharaman told the parliament in a written reply earlier this month. Most of the duplicate policies have been sold to truck users and two wheeler owners, who buy them to avoid police scrutiny when vehicular checks happen. All of these are sold as renewal policies, with almost identical data that is contained in a genuine motor policy, making it difficult to

differentiate the original from the fake. "A genuine motor insurance policy will cost Rs 10,000, while a fake policy would cost between Rs 5,000-Rs 6,000. The vehicle owner is much aware that the fake policy certificate could only help to escape the police, but not help while claiming for damages, however many purchase them," Sanjiv Dwivedi, head of Investigation and Loss Mitigation Team, Bajaj Allianz, said. "About 70% of vehicles in India are not insured."

"We have filed about 93 cases with the police against fake motor insurance policies in 2018, many of which were sold in Ferozepur in UP, Tiruvananthapuram in Kerala, and Akluj in Maharashtra so far," Dwivedi added.

IRDAI said that it had received complaints directly relating to three entities — AKPCL General Insurance Company Ltd' in 2016, Gone General Insurance and Marines Technology in 2019 — for fake policy sales, in the past.

Most fake policies have been linked to insuring second hand vehicles, where it is purchased for statutory compliance rather than safety.

"Finding fake policies is not new to the insurance sectors. Fake agents mislead customers using our brand name to sell at lower rates," Sanjay Datta, head of underwriting, claims, reinsurance and actuary of ICICI Lombard, said.

To combat this menace, insurers have started to fix bar codes, which when scanned will throw details of the policy. Some others afix 3D holograms and also educating the police and investigation agencies to differentiate between a original and fake policy.

"Bajaj Allianz has issued a link where the barcode on the policy paper, and help check the authenticity of the policy. We had also conducted training for around 2,580 police officers last year on checking authenticity of the motor insurance policy," Dwivedi said.

"The insurance industry has taken various steps to fight fake motor insurance policies. Besides providing barcode and QR code on the insurance document, 3D hologram stickers were recently introduced to help during police verification," Atul Deshpande, COO of SBI General Insurance, said.

(The writer is Mamtha Asokan.)

TOP

Source

Govt proposes Rs 5 lakh compensation for death in motor vehicle accident case - The Hindu Business Line – 15th July 2019

Compensation of Rs 5 lakh for death and Rs 2.5 lakh for grievous injury in a motor vehicle accident case have been proposed by the government as it seeks to make the Motor Vehicles Act more stringent.

On Monday, the government again introduced a bill to amend the Motor Vehicles Act that also provides for higher penalties for violations and protection of good Samaritans, among other provisions.

Amid concerns raised by some members over certain provisions in the bill, Road Transport Minister Nitin Gadkari said that the central government is not looking to take away the rights of states and urged the House to pass the legislation which would help in saving more lives. The bill was passed in the previous Lok Sabha but could not get approval from the Rajya Sabha.

"The motor vehicle owner or the insurer would pay Rs 5 lakh compensation in case of death and Rs 2.5 lakh for grievous hurt," according to the bill.

Proposed provisions

The bill seeks to increase penalties for violations, facilitate grant of online learning licence, simplified provisions for insurance to provide expeditious help to accident victims and their families, and protection of good Samaritans.

As per the Statement of Objects and Reasons of the bill, the period for renewal of transport licence would be increased to five years from three years and enable licensing authority to grant licence to differently-abled persons.

Another provision proposed is to raise the time limit for renewal of driving licence from one month to one year before and after the expiry date.

Responding to concerns flagged by some members, Gadkari said he was ready to discuss all issues and emphasised that the bill was prepared after discussions and recommendations by state transport ministers during the previous regime." The provisions in the legislation are not binding on states and it is up to them to implement it," he said.

The bill was introduced by Minister of State for Road Transport VK Singh in the Lok Sabha.

According to Gadkari, around 30 per cent of driving licences in the country are bogus. About 1.5 lakh people die and 5 lakh people get injured in road accidents every year, he added. "My Department has failed to pass the bill in the last five years but the number of accidents has reduced by around 3-4 per cent in the last five years while the incidence came down by around 15 per cent in Tamil Nadu during the same period," he noted.

TOP

Source

Wary of a car breakdown during a road trip? Your insurance company will help you – Financial Express – 15th July 2019

Imagine this – You're on a road trip. You race your car on a long, smooth road. Just as you feel everything is perfect, your car gets a flat tyre in the middle of the road. You manage to save yourself from any harm and bring the vehicle to the side of the road. When you check, you see that you do not have a jack or a spare tyre in your car. It's four o' clock in the morning, and you are on a deserted road looking for help or roadside assistance.

Scary, right? At such an odd hour, when all the shops are closed and the mechanics are peacefully sleeping in their homes, roadside assistance with your car insurance can be of utmost help. Instead of calling everyone you know who can get you in touch with a mechanic or scanning the Internet for a towing service, a handy roadside assistance number that came with your car insurance can prove to be very convenient. Just call when you are in trouble, and your insurance company will take it from there.

What is RSA, and how can it help you on your road trips?

RSA or Roadside Assistance, aka Breakdown Assistance cover, is a magical add-on that you can take while buying a policy or renewing it. A lot of people use RSA even while travelling within the city, but it makes even more sense when you're going for that spontaneous road trip. RSA generally covers you for a distance from 100 km to 500 km from your house, depending on the insurance policy or company.

A Roadside Assistance add-on cover is one which assists you when your car has broken down away from the main city. It covers you in case of the following occurrences:

Flat Battery: Making an alternate arrangement so that your car starts moving. If the battery needs to be changed, the car insurance company will take care of the repair costs although you need to pay for the new battery.

Spare Key: Arranging for pick-up and delivery of spare keys or providing unlocking services of a vehicle technician is provided by the car insurance company.

Flat Tyre: Getting a technician to repair/replace the tyre or arranging to take the tyre to the nearest repair facility. If the tyre needs to be changed, you will have to pay for it although the car insurance company will bear the repair costs.

Minor Repairs: Providing you with telephonic assistance for a solution or sending a technician to carry out the repairs.

Towing Service: Arranging for a towing service to the nearest repair shop, in case of irreparable breakdown or an accident is also covered in the car insurance policy.

Urgent Message Relay to Relatives: Arranging to send urgent messages to persons requested by you, through available means of communication.

Fuel Assistance: Arranging for the supply of up to five litres of fuel (the fuel is chargeable) if your car has run out of fuel or arranging for towing to the nearest garage in case of immobilization due to contaminated fuel. Also, Taxi and Accommodation benefits are provided if you are too far from the city so that you and your family are safe.

Best part is that it does not affect your No Claim Bonus (NCB) in any way. Using your RSA is not counted as a claim. As having a flat tyre or losing your key is not an indication of your driving skills, why should it affect the NCB? The NCB is the reward you're getting for being a good driver. It means you can use this cover and not worry about losing anything!

If you have an RSA or Breakdown Assistance cover already, you're lucky! And if you don't, you know you need to buy this magic cover the next time you renew your motor insurance.

(The writer is Vivek Chaturvedi)

TOP

Source

Motor insurance: Now buy standalone own damage cover – Financial Express – 15th July 2019

Vehicle-owners can now buy standalone annual own damage covers for cars and two-wheelers from any general insurance company. From September 1, insurers cannot bundle own damage and third-party insurance cover compulsory to a policyholder.

"For issuance of standalone own damage annual cover as well as for renewal of the own damage component of a bundled cover, insurers shall ensure that own damage cover is offered only if a motor third-party cover is already in existence or is taken simultaneously," says a circular issued by Insurance Regulatory and Development Authority of India (Irdai).

No bundling of own damage cover

Policyholders will have the option to renew the own damage component of a bundled cover on or after September 1, with the same insurer or different insurer, on an annual basis. Name of insurer, policy number, start date and end date of third-party policy will be indicated in the own damage policy document. The standalone own damage policy will clearly mention that the coverage is only for own damage.

The regulator has underlined that the pricing of a standalone own damage policy will continue to be that being offered for the own damage component of a package policy. Last year, the Supreme Court had mandated that all insurance companies have to sell long-term third-party insurance cover for all new vehicles—three years for cars and five years for two-wheelers.

The objective was to reduce the number of uninsured vehicles on the road. Moreover, long-term third-party insurance would reduce the hassles of renewing the policy every year and an increase in the number of insured vehicles could bring down the premium as the risk pool becomes larger. Also, policyholders would have some stability in rates for a defined period. For insurers, long-term third party will lead to higher penetration and premium volumes.

However, experts say, insurers started bundling the insurance covers and customers were stuck with the same insurance company for that period. Policyholders could not bargain for discounts and did not have any flexibility to change the insurance company for that period.

Comprehensive cover

Third-party motor insurance is mandatory under the Motor Vehicles Act. In case of road accidents and fatalities there is no legal time limit on insurance claims. Third-party insurance only covers the damage done by one's insured vehicle to other vehicle or property and people and does not cover accidents, theft or damage to one's own vehicle. While the premium for third party liability cover is limited and is fixed by the regulator every year, claims are unlimited. As a result, the non-life industry bleeds on this portfolio.

Policyholders should look at a comprehensive cover which takes care of the own damage portion, especially loss or damage due to fire, explosion, accidents or while in transit by road or rail, and even burglary and theft. A comprehensive motor insurance cover comprises own-damage and third-party insurance.

Riders, which are optional add-on covers, can save car owners from unnecessary vehicle-related expenses. One can take add-on covers to the basic vehicle insurance and the pricing is based on the Insured Declared Value (IDV) of the vehicle. Insurers fix the IDV of the vehicle every year at the time of renewal of the policy based on the year of manufacturing, selling price of the brand and the model and depreciation of the vehicle.

In zero or nil depreciation cover, policyholder gets full claim on the value of parts such as plastic items, fibre, rubber, windscreen that are replaced in the event of loss due to accident. Engine cover rider provides protection to the engine in case of flooding as hydro-static lock is a major cause of engine failure.

With the regulator mandating stand-alone own damage policies, insurance companies will have to file a letter of intent to it for the Unique Identification for the stand-alone own damage product/add-ons.

(The writer is Saikat Neogi.)

TOP

Source

CROP INSURANCE

Crop insurance scheme to be made more effective: Tomar - The Hindu Business Line – 17th July 2019

Union Agriculture Minister Narendra Singh Tomar told the Lok Sabha on Wednesday that the government is working on making Pradhan MantriFasalBimaYojna more effective and invited suggestions from members on the same.

"Earlier also there was PM FasalBima...Today there is focus on PM FasalBima. But my Prime Minister and myself do not consider this PM FasalBimaYojna a complete scheme. Through you I want to tell the members that with regard to PM FasalBimaYojna, if they have some valuable suggestions they can give them to me in three-five days," the Minister said.

He was replying to queries raised by members during the discussion on Demand for Grants under the Ministry of Agriculture and Farmers' Welfare. "We are working on how can we make the PM FasalBimaYojanamore easier, more useful, more beneficial, the minister said.

He said more funds were allocated under the PM FasalBimaYojana during the tenure of Prime Minister Narendra Modi than it was prior to 2014. Stating that now more educated people were taking to farming, he said technology was also being used for farming.

With regard to doubling of farmers' income, Tomar said a big target and a roadmap has to be made and the result cannot be visible in a day. Over 10 crore soil health cards have already been issued, he said, adding that work on allotting 9.82 crore cards in the second phase is under way. The government, he said, is working on zero-budget farming.

The Centre also took a decision on neem-coated urea, he said, stressing that the farmers were getting sufficient urea and the big queues for getting it can no more be seen. The black-marketing in urea, he said, has also come to an end.

The Centre is working on providing Kisan Credit Cards to all farmers, the Minister said. Stating the country welcomed the PM-KISAN scheme, Tomar said the scheme was not merely a slogan."We should rise above the politics and welcome it," he said. The work on agricultural mechanisation is under way, he said, adding that "the agricultural land and farmers would be made smart." The Lok Sabha later approved the Demand for Grants under Control of Ministry of Agriculture and Farmers Welfare.

TOP

Source

Government plans to tweak PMFBY; to make crop insurance voluntary to all farmers – Financial Express – 15th July 2019

Making crop insurance voluntary to all farmers, removal of high premium crops, giving flexibility to states to provide customised add on products — are some of the key changes the Centre is planning to make to the Pradhan MantriFasalBimaYojana (PMFBY), a senior government official said Monday.

The agriculture ministry has also proposed setting up of State Level Corpus Fund, and migration of savings to a National-level Insurance Risk Pool to quell public perception that insurance companies are making profits from the scheme, the official said.

That apart, it has suggested a premium ceiling for coverage under the scheme at 25 per cent (to be revised every year) if irrigated area within a crop is more than 50 per cent.

A premium ceiling at 30 per cent has been suggested if irrigated area within a crop is less than 50 per cent, the official added. Launched in April 2016, PMFBY provides comprehensive crop insurance from pre-sowing to post-harvest period against non-preventable natural risks at extremely low premium rate of 2 per cent for kharif crops, 1.5 per cent for rabi crops and 5 per cent for horticulture and commercial crops. "PMFBY is in the seventh season of implementation. Many challenges have been faced during the implementation of the scheme and the ministry has identified those gaps and proposed several changes and sought views of state governments on the same," the official told PTI.

Among key changes, the ministry has suggested making the scheme voluntary to all farmers including loanee farmers. This has been done because compulsory enrolment of loanee farmers was leading to dissent, the official said. The ministry has also proposed a two-step process of assessing crop yields required for calculating the extent of crop damage. First is elimination based on weather and other triggers, and the second step is crop cutting experiments (CCEs) in affected areas. Currently, plots for conducting CCEs are selected randomly leading to dissatisfaction among stakeholders.

That apart, the ministry has proposed migration to smart sampling and optimisation of CCEs in the short run, and adoption of direct yield estimation through technology for all major crops, the official said. As the district crop combinations with consistently high risk lead to increase in overall premium rates, the ministry has proposed removing high premium crops from the ambit of crop insurance and suggested a premium ceiling at 25 per cent if irrigated area within a crop is more than 50 per cent and 30 per cent premium cap if irrigated area within a crop is less than 50 per cent.

Since single product type does not suffice needs of all beneficiary farmers, the ministry has suggested a basic product be made available to all farmers with flexibility to states to provide customised add on products to farmers. To address the delay in payment of state governments' share of subsidy, the official said the ministry has proposed deduction of overdue state subsidy from the central transfer to states.

The ministry has also proposed three-year compulsory allocation of work to insurance companies by states to prevent repeated tendering process that delays implementation of the scheme. It has also suggested migration of crops having inconsistent yield data to weather-based insurance scheme.

TOP

Source

SURVEY & REPORTS

Relaxing FDI limit in insurance intermediaries to boost distribution: Fitch – Mint – 15th July 2019

The Budget proposal of relaxing foreign investment limit in insurance intermediaries will strengthen distribution capabilities and increase international involvement, particularly from developed markets, Fitch Ratings said Monday.

The Budget 2019-20 tabled in Parliament on July 5, permitted foreign companies to own up to 100 per cent in insurance intermediaries, including insurance agents, brokers, loss assessors and surveyors, from the 49 per cent, to attract more foreign direct investment into the industry.

"India's proposed removal of the foreign-ownership cap on insurance intermediaries is likely to increase competition, strengthen distribution capabilities to enhance insurance penetration and boost M&A in the medium to long term," Fitch Ratings said in a statement.

The proposed change is only applicable to insurance intermediaries while the cap on foreign ownership in insurance companies will remain at 49 per cent.

Still, the government has indicated that it may take further measures to open up the insurance market to foreign investors. This could include the relaxing of foreign ownership restrictions on insurance companies, Fitch said.

"We believe increased international involvement, particularly from developed markets, will contribute positively to the development of distribution networks, use of technology in distribution as well as bring in expertise in areas such as marketing and client-servicing," Fitch Ratings said.

There were 368 direct broker firms, 60 composite brokers and five reinsurance brokers as of June 2018, according to the Insurance Regulatory and Development Authority of India (IRDAI).

Countries in the Asia Pacific region has eased restrictions on foreign ownership of domestic insurance companies. China this month had said that it will permit foreign companies to own 100 per cent of domestic life insurers by 2020 by removing the cap of 51 per cent.

Similarly, in 2017, Thailand relaxed the restrictions on foreign ownership in local insurance companies - from 49 per cent to 100 per cent - subject to regulatory approval. Indonesia also put forward a similar proposal in July 2019 to relax the 80 per cent cap on additional capital infusions by foreign owners of insurance companies, Fitch said.

TOP

Source

INSURANCE CASES

Insurance company ordered to pay Rs 29 lakh to road accident victim's father & brother by Karnataka HC - The Logical Indian – 18th July 2019

A man and his son hailing from Bangalore who were fighting a long battle against an insurance company over the payment of compensation have finally won. The motor vehicle insurance firm had refused to compensate the father who had lost his other son in a road accident in 2013. However, on July 16, the high court hearing the appeal rubbished the insurance firm's reasoning for not paying the compensation amount to the father-son duo.

What has happened?

On October 18, 2013, Irfan (son of the man), who was working as an executive at a lifestyle retail brand chain, met with an accident. The 27-year-old was walking around 5 am near Hebbal flyover when he was run over by a rashly driven Andhra Pradesh

truck, reported The Times of India. The division bench headed by Justice BV Nagarathna quashed the United India Assurance Company's reason for not paying the compensation. The insurance company had argued that at the time of Irfan's death, both the father and his other son were major and not his dependants.

The father and brother had earlier went to a city court claiming Rs 25 lakh compensation reasoning that Irfan was spending his whole salary on the family. On March 12, 2015, the lower court awarded Rs 25.5 lakh as compensation, with Rs 24.9 lakh under the loss of dependency category, directing the insurer to settle the amount.

Following the lower court's order, the insurance company opposed it and sought a reduction in a compensation amount. The company claimed that during the accident, Irfan was not following the traffic rules and tried to cross the road abruptly.

Later, both the father and brother challenged the lower court's order claiming that, the lower court has miscalculated Irfan's monthly salary. The lower court had considered Rs 15,358 as Irfan's salary. However, father and brother produced documents which clearly showed that Irfan was earning Rs 18,558 per month. The duo sought an additional Rs 10 lakh as compensation over the mentioned amount ordered by the lower court.

The high court now have ordered a total compensation of about Rs 29.1 lakh with 6% interests. Irfan's father will receive Rs 20 lakh, whereas his brother will now receive Rs 9.1 lakh.

TOP

Source

Forum directs insurance firm to pay Rs 3.2 lakh for lost gold items - The Times of India – 15th July 2019

The district consumer disputes redressal forum the New India Assurance Company Limited to pay Rs 17,000 for failing to pay the claim for lost gold items. They were also directed to pay the claim amount of Rs 3.03 lakh.

Complainant Veena Bedi, a resident of Sector 48, Chandigarh, stated in her complaint that she took a 'house-holder insurance policy' from the insurance company covering the building, clothing, kitchenware, furniture, miscellaneous electrical items and jewellery. The total value of the jewellery covered was Rs 7.32 lakh. It is averred that only the cover note was supplied to the complainant, but no detailed terms and conditions were ever sent or received by her.

It was stated that on October 2, 2015, the complainant lost her jewellery and reported a DDR in at Sector 31 police station. It was also stated that the complainant had kept gold items in a purse, which fell down and the complainant was in a shock at the time of reporting the DDR as she lost all her jewellery items.

It was submitted that the matter was reported to the company and a claim was also filed, but the company settled it only for Rs 22,692 without following the guidelines issued by the IRDA.

It was also submitted that the complainant was not provided with any surveyor report nor her loss was indemnified despite assurance. It was further submitted that the company gave a vague reply mentioning that only a pair of tops and one ring tallied with the list of items got covered in the policy and as such the claim of Rs 22,692 was allowed. Alleging less settlement of claim as deficiency in service, hence the complaint was filed.

The counsel for the insurance company raised the objection that the complainant decisively got her policy renewed from another branch of their company at Kalka and got same gold ornaments insured afresh, which allegedly were lost during the previous coverage. This objection of the company was not tenable, the forum stated, because before issuing the policy, the insurer must have checked the items and bills thereof, before insuring it.

The forum held that: "In these days of online system, it is not difficult for the insurance company to find out that the complainant had already availed policy from their company, though from another branch and they had.

(The writer is Kamini Mehta.)

TOP

Source

Rejecting senior citizen's claim costs health insurance firm dear – The Economic Times – 13th July 2019

The District Consumer Disputes Redressal Forum has slapped compensatory cost of Rs 2 lakh on Religare Health Insurance Company Limited for denying reimbursement of a genuine claim by a city-based senior citizen. The insurer has been told to deposit the amount with PGIMER's cardiology department for use in the treatment of needy patients.

They were also directed to reimburse an amount of Rs 2.91 lakh to the complainant with interest @12% per annum from the date of repudiation — October 22, 2018 — till payment, along with the litigation cost of Rs 10, 000.

Ram Swarup (61) of Sector 47-D stated that he had taken a health insurance policy from the firm in 2015 and got it renewed from time to time. It was averred that the complainant was operated for knee surgery on October 22, 2018 at Max Super Speciality Hospital, Mohali, and was admitted there from October 21 to 27, 2018.

However, the pre-authorization request of cashless hospitalization of the complainant was denied by the insurer on October 22, 2018, on ground of non-disclosure of material facts/ pre-existing disease, whereas he was covered under cashless health insurance policy issued by them. As such, the complainant, when discharged on October 27, 2018, had to make the payment of Rs 2.91 lakh to the hospital towards his medical treatment bill. It was submitted that the complainant, thereafter, requested the insurance company to pay his claim, but to no avail.

The company in its reply stated that after going through the documents given by the complainant, it was found that Swarup had not disclosed the fact that he was a hypertension patient at the time of taking the policy, which the complainant revealed during his pre-anaesthesia check-up. The reply added that Swarup is on regular medication and has been suffering from diabetes T-II DM for the past 8 to 10 years, but he didn't disclose the same when he took the policy.

On hearing both the parties, the forum took notice of the fact that the insurance company, which has its own investigating agency and in-house panel of doctors to check the claims raised under the policy, never consulted them while issuing the policy to a person aged more than 60 years where the degeneration changes are bound to occur and definitely the gravity of the same varies from person to person. "Once they committed to indemnify the claim, if any, without going into the requisite enquiries, then they shall not be allowed to shun their responsibility to indemnify the claim raised during the coverage period," the forum held.

The consumer forum added, "There is no independent report placed on record by the insurance company revealing that the complainant is suffering from hypertension and diabetes and it had just relied upon the alleged pre-anaesthesia check-up form compiled by the hospital on October 15, 2018, the authenticity of the which is also doubtful. In our opinion, the repudiation of the complainant's genuine claim is totally unsustainable." The forum then ordered the insurance firm to pay up.

(The writer is Kamini Mehta.)

TOP

Source

Hyderabad: Widow gets justice after 10 years of legal battle - Deccan Chronicle –15th July 2019

An illiterate widow, who fought against an insurance company and a bank for 10 years to settle her husband's claim, has finally got justice.

The District Consumer Disputes Redressal Forum -III Hyderabad directed State Bank of India and the New India Assurance Company Ltd to pay Rs 3.5 lakh to the complainant Munni Begum as compensation, including costs due to deficiency of service and mental agony suffered by the widow.

Munni Begum's husband Shaik Meera Sahib had taken a home loan from State Bank of India of Rs 19.43 lakh after depositing his title deeds with the bank, thereby creating a mortgage as surety for the loan amount.

In 2009, he met with an accident and died of his injuries. When he was alive, he had also taken a personal insurance policy from the New India Assurance Company Ltd. The complainant, as the legal heir of her husband, put up the claim before State Bank of India, Ramanthapur branch, and it was forwarded to the New India Assurance Company.

After three years, in 2011, the New India Assurance Company Ltd settled the claim for Rs 18, 14,484 as against the claim of Rs 19, 43,000 raised by the SBI.

Munna Bai was not informed about the settlement till she submitted an application, and a notice was issued under the Securitisation and Recon-struction of Financial Assets and Enforcement of Securities Interest Act, 2002.

After coming to know about this, she made a representation to the officials concerned, but in vain. Subsequently she filed a petition in the District Consumer Disputes Redressal Forum asking for the return of the title deeds mortgaged by her husband and compensation after closing the account and to issue a No Due Certificate.

The assistant general manager of State Bank of India contended that the title deeds deposited by her husband could not be returned as he had defaulted in making certain payments.

The New India Assurance Company Ltd argued that the claim under the policy in question could be reduced to the extent of defaulted amount. Taking into consideration the defaults committed by the complainant's husband, the claim was settled at Rs 18, 14,484.

The consumer forum opined that there was a clear deficiency of service on the part of the State Bank of India, Ramantha-pur, and its officials as well as the New India Assurance Company as they did not inform the complainant about the settlement of the claim and about her liability to pay the outstanding amount.

The forum further stated that in view of the mental agony and harassment suffered by the complainant, she is entitled to a compensation of Rs 3, 00,000 and another Rs 50,000 towards legal expenses.

The time given for compliance is 30 days only. Failure to comply with the orders within the stipulated time would entitle the complainant to interest at the rate of eight per cent per annum till the date of realisation.

(The writer is Durga Prasad Sunku.)

TOP

Source

PENSION

Govt cuts interest rate on General Provident Fund (GPF) – Mint – 17th July 2019

The government has lowered interest rate on General Provident Fund (GPF) and other similar funds in line with a general decline in overall interest rates in the financial system. For the July-September, General Provident Fund and other similar funds will pay 7.9% interest rate to its subscribers, as compared to 8% in the previous quarter. This interest rate will be applicable on provident funds of central government employees, railways and defence forces. The rate is in line with that of Public Provident Fund.

"It is announced for general information that during the year 2019-2020, accumulations at the credit of subscribers to the General Provident Fund and other similar funds shall carry interest at the rate of 7.9% (Seven point nine percent) w.e.f. 1st July, 2019 to 30th September, 2019," the Ministry of Finance said in a notification. This rate will be in force with effect from 1st July, 2019. The funds concerned are:

1. The General Provident Fund (Central Services).
2. The Contributory Provident Fund (India).
3. The All India Services Provident Fund.
4. The State Railway Provident Fund.
5. The General Provident Fund (Defence Services).
6. The Indian Ordnance Department Provident Fund.
7. The Indian Ordnance Factories Workmen's Provident Fund.
8. The Indian Naval Dockyard Workmen's Provident Fund.
9. The Defence Services Officers Provident Fund.
10. The Armed Forces Personnel Provident Fund

The government had earlier hiked interest rate on GPF for October-December quarter and had kept rates unchanged since then.

Earlier, the government had cut interest rates on some small savings schemes, including PPF and Senior Citizen Savings Scheme, by 10 basis points for the July-August quarter, amid a decline in overall interest rate in the financial system. For example, PPF for the July-September quarter will fetch 7.9% interest rate (annual), as compared to 8% in the previous quarter.

TOP

Source

Government rules out reintroduction of Old Pension Scheme – Mint – 15th July 2019

In a written reply to a question asked in the Lok Sabha, the Government ruled out reintroduction of Old Pension Scheme (OPS) for government employees.

This scheme, which existed before the introduction of the National Pension System (NPS) in 2004, provided for a defined benefit pension to government employees.

A defined benefit is a type of pension, which is fixed and determined with reference to number of years of service and salary. NPS on the other hand is market linked.

NPS was introduced in 2004 and made mandatory for all Central Government employees. It was subsequently extended to the state government employees also and to the private sector. However, some government employee organizations have consistently opposed the NPS since it does not provide a fixed pension amount.

There was an expectation from some sections that government may reintroduce OPS for Central Government employees based on this opposition. However the government has firmly laid any speculation in this direction to rest.

The Government cited two reasons for its refusal to reintroduce OPS. First, it pointed to a “rising and unsustainable pension bill" and said that “the Government had made a conscious move to shift from the defined benefit, pay-as-you-go pension scheme to defined contribution pension." Second it said that “the transition also helped in freeing the limited resources of the Government for more productive and socio-economic sectoral development".

The NPS does not provide a guaranteed pension but allows subscribers to invest their pension corpus in government bonds, corporate bonds and equities. In the recently announced Budget, the Government increased its contribution to NPS for Central Government employees from 10% to 14%.

It also permitted Central Government employees to invest in NPS Tier 2 and get the benefit of tax deduction under Section 80C. Such an investment will have a lock-in of three years. It also increased the tax-free portion of the NPS corpus on maturity from 40% to 60%. All these measures have made the NPS more attractive to government employees.

(The writer is Neil Borate.)

TOP

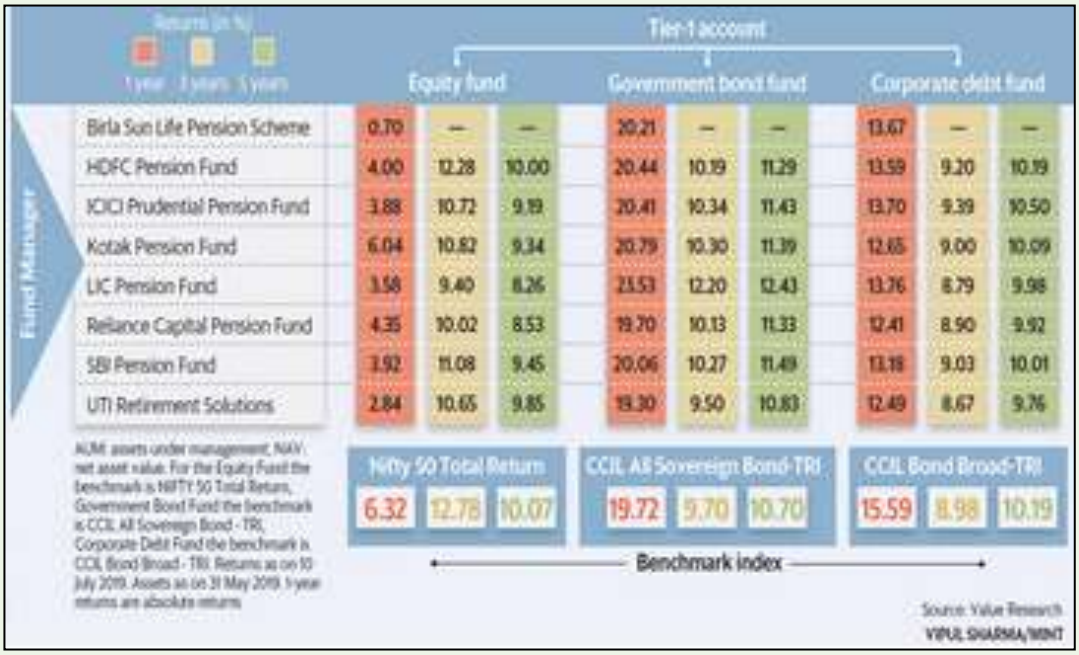
Source

How your investments in NPS are faring – Mint – 14th July 2019

There are very few retirement products that help you accumulate a retirement nest egg and one such product is the National Pension System (NPS). NPS is a market linked, defined-contribution product that needs you to invest regularly in the funds of your choice.

Being a market-linked product, returns are based on the performance of the fund that you choose. There are eight pension fund managers to choose from and one of the ways to choose your fund manager is by tracking the returns.

Here is a breakdown of the performance of different funds of the private sector NPS.



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IRDAI CIRCULAR

List of Insurance Marketing Firms as on 30.06.2019 is available on IRDAI website.

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

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GLOBAL NEWS

China: Major listed insurers see steady premium growth in 1H - Asia Insurance Review

Listed insurers China Life, New China, Ping An, China Pacific and China Taiping posted solid gross premium income growth in the first half of 2019, according to their stock exchange filings.

The performance of the insurers in !H is:

Group	Premium 1H2019 CNY bn	Premium 1H2018 CNY bn	Growth
China Life	378.20	360.20	5%
New China	73.99	67.87	9%
Ping An	446.24	408.00	9%
China Pacific	207.00	191.12	8%
Taiping	106.91	96.63	11%
Total	1,212.55	1,123.82	8%

Four subsidiaries of Ping An received an aggregate premium income of CNY44.24bn ($64.5bn) from January to June, with year-on-year growth of 9.37%. Around 70% of the premium was generated from life and health insurance.

China Pacific Life Insurance and China Pacific P&C Insurance, two subsidiaries of Shanghai's China Pacific Insurance group, saw their premiums rise by 6.5% and 12.3%, respectively, to hit CNY138.4bn and CNY68.6bn.

In the first half, both life and property & casualty businesses of China Taiping Insurance posted premiums rising a respective 11.3% and 9.5% to stand at CNY90.5bn and CNY13.6bn. By contrast, the group's pension insurance arm saw its premium decline by 4.9% to CNY2.7bn.

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South Korea: Insurers continue to issue bonds to raise capital - Asia Insurance Review

South Korean insurers are continuing to issue corporate bonds to raise funds to prepare for higher capital requirements in preparation for the implementation of International Financial Reporting Standard (IFRS) 17.

Life and non-life insurers have issued a total of KRW580bn ($491.7m) worth of bonds this year, reported *The Korea Times.*

Among them, Meritz Fire & Marine secured KRW250bn by issuing 10-year subordinated bonds in May. DB and Tong Yang Life issued KRW30bn and KRW200bn worth of bonds, respectively, this year.

Hanwha and KDB Life have recently decided to issue KWR500bn and KRW240bn worth of hybrid securities in the second half of this year.

The IFRS 17, proposed to take effect in 2023, will require insurers to measure the liabilities of their insurance contracts by market, not book value.

Korean financial authorities have also planned to introduce the "K-Insurance Capital Standard," the nation's own new insurance liability market valuation system, at the same time as the IFRS 17. Under the K-ICS, the Financial Supervisory Service recommends domestic insurers to maintain the risk based capital ratios at above 150%. But for financial market stability, it is suggested that the RBC ratio be maintained at 200%.

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Australia: Private health insurance sector fears death spiral -Asia Insurance Review

The government could eventually be faced with the question of whether pumping in more subsidies is the answer to sustaining private health insurance (PHI), with the sector fearing a death spiral, a think tank has highlighted.

Grattan Institute, in a working paper "The history and purposes of private health insurance" released earlier this week, said, "Australians are dissatisfied with private health insurance. Premiums are rising and consumers are dropping their cover, especially younger people, who are less likely to need health services. Those who are left are more likely to use services, driving insurance costs up further. Government subsidies for private health insurance and private medical care – currently running at more than A$9bn ($6.3bn) every year – and financial penalties to encourage people to take out private insurance are becoming less effective. The industry fears a death spiral."

Of the total government subsidy of A$9bn, A$6bn is allocated to PHI, and A$3bn to private medical services for inpatients.

Clarity of purpose

The paper says that before responding to the impending crisis, the government needs more clarity about the purposes of PHI, that is, whether it is a substitute for public funding or a complement, offering access to different providers and a wider level of service, as well as cover for non-medical services, or both.

The paper urges policymakers to look at two further questions:

- Do the current design features of the PHI system, including incentives, penalties and regulation, support its desired role (as a complement or substitute or both) in the overall health system? And if not, what other mechanisms or combination of arrangements are needed?
- Does government support for PHI and private hospital care promote overall economic efficiency and the most effective and equitable use of government and community resources? And in the long run, are there better ways of providing support to the sector?

The question then becomes whether the government should support private health care directly, or via public health insurance – or not at all.

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China: New rules unlikely to increase insurers' demand for trust products – Fitch - Asia Insurance Review

The CBIRC's new rules to regulate insurers' investments in trust products will benefit the industry, but are unlikely to dramatically increase insurers' appetite for the products, Fitch Ratings says.

The revised rules, announced earlier this month, highlight the regulator's intention to permit greater interaction between insurers and trust companies, while also imposing tighter measures to control potential risks associated with trust products.

The new rules explicitly stipulate that insurers cannot use their investments in trust products to circumvent regulations for other purposes. Credit enhancements such as guarantees need to be arranged

if the underlying assets of trust products are non-standard credit assets. The regulator also imposed limits on insurers' exposure to single trust products to minimise concentration risk. On the other hand, the regulator lowered the requirements for companies engaged in the issue of trust products.

Fitch believes insurers' investments in trust products are unlikely to accelerate materially in the near term, despite being allowed to deal with more trust companies under the revised rules. Trust products normally offer yields that are higher than conventional debt, but the urgency of insurers to seek higher yields to offset the cost of insurance liabilities has been reduced from two to three years ago after a structural shift in their liability profiles.

Insurers' liability burdens have eased because most of them have consistently cut their exposure to short-term single-premium savings-type products, which typically carried high crediting rates, in the last two years. They instead emphasised the distribution of long-term regular premium-type life insurance policies with more protection features through their agency forces. As a result, insurers have greater flexibility to select investment instruments that better match their insurance liabilities.

Key factors in investment decisions include not just investment returns, but also capital requirements, length of investment horizon and liquidity.

The risk profiles of trust products are more complex and opaque. They are highly dependent on the structure of the trust schemes, the quality of the underlying assets, and the credit strength of the guarantors. Life insurers generally have greater incentive to invest in trust products because they are able to match the duration of their insurance liabilities to the duration of trust products, which could potentially range from three to 10 years. Nonetheless, trust products are generally less liquid than conventional corporate bonds.

Many insurers, especially those that offer single-premium-type short-term products, have increased their asset allocation to trust products since 2013 in an attempt to seek higher investment spreads over their liability costs. Chinese insurers' investments in trust products rose to about 7% of total assets by end-2018 from about 3% at end-1H14, according to the regulator. The size of the investments in these products amounted to CNY1,270bn ($185bn) at the end of 2018.

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Sri Lanka: General insurers see business expand in 2018, but at slower pace - Asia Insurance Review

General insurers saw more opportunities and challenges in 2018 because of a mix of various factors such as an increase in vehicle registrations and a decline in construction business, according to the Statistical Review for 2018 presented by the Insurance Regulatory Commission of Sri Lanka.

The industry also experienced less adverse effects of unfavorable weather conditions in 2018 compared to previous years. The merger of Allianz General and Janashakthi General intensified the competition in the industry.

General insurance business generated GWP amounting to LKR101.2bn ($579m) in 2018, 8.37% higher than the LKR93.3bn reported for 2017. This growth is attributable to factors driven by the industry such as technology, new methods of marketing, distribution and payments. However, the 2018 growth rate was slower than in 2017 when GWPs increased by 17.34%. This is mainly due to lower GWP growth rates experienced in fire, motor, miscellaneous insurance businesses and negative growth recorded in the health insurance business.

The following table shows the gross written premium generated by the main classes of general insurance business along with their growth rates and market contribution:

Class	GWP (LKR 000)		Growth (%)		Market Share (%)	
	2018	2017	2018	2017	2018	2017
Fire	9,274,723	8,597,489	7.88	14.94	9.16	9.21
Marine	2,403,187	2,191,654	9.65	5.05	2.37	2.35
Motor	62,478,575	56,047,640	11.47	13.61	61.74	60.02
Health	14,185,167	14,649,440	-3.17	45.96	14.02	15.69
Misc	8,280,272	7,866,260	5.26	10.47	8.18	8.42
Subtotal	96,621,924	89,352,484	8.14	17.48	95.47	95.68
SRCC&T*	4,581,641	4,036,283	13.51	14.23	4.53	4.32
Total	101,203,564	93,388,766	8.37	17.34	100.00	100.0

* Strike, Riot, Civil Commotion and Terrorism Source: Statistical Review

What is striking is that health insurance posted negative growth of 3.17% compared to 2017 (2017: 45.96% growth). This was mainly due to the Suraksha free medical and personal accident cover introduced by the Education Ministry for all Sri Lankan school children in October 2017 that expired in October 2018. There was a delay in reissuing the cover 2018/2019.

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After its merger with Janashakthi General, Allianz General gained the leadership in the general insurance market, capturing a market share of 18.39% and posting premium income of LKR18.6bn for 2018. Ceylinco General remained in the second position in the general insurance market with a market share of 17.92% (2017:18.22%) while SLIC was in the third position with a market share of 17.69% in 2018 (2017: 19.65%).

The general insurance industry comprised 15 insurance companies in 2018, including 11 insurers solely operating in general insurance, three composite insurers handling both general and long term insurance businesses and an insurer handling both general insurance and reinsurance businesses.

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