Insurance Institute of India

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

INSUNEWS

- Weekly e-Newsletter

25th – 31st August 2018

• Quote for the Week •

"Failure comes only when we forget our ideals and objectives and principles."

Jawaharlal Nehru

INSIDE THE ISSUE

Insurance Industry

Bank body asks lenders to get cyber insurance – The Times of India – 29th August 2018

The Indian Banks Association (IBA) has asked member banks to buy cyber insurance covers in the wake of several incidents of digital attacks on lenders. Such a policy has turned into a basic need in a world where banking is increasingly turning digital, but it is not yet owned by all banks. While the larger lenders have cyber insurance covers ranging from Rs 350 crore to Rs 500 crore, many of the smaller players have only the Banker's Blanket Bond, which — despite its name — does not cover cyber heists. JLT Independent Insurance Brokers practice head Amit Agarwal said that the Bankers Blanket Bond is a 40-year-old insurance policy designed for an era before banking moved on era before banking moved online.

This policy was designed to cover risks like cash in transit, bank robberies, physical frauds and forged documents, but not losses caused by malware. According to IBA chairman Shyam Srinivasan, following frequent cyber attacks, the association organised a meeting to create awareness of cyber security insurance among banks. "We are also adopting the practice of circulating the modus operandi of frauds shared by members among others so that banks can take necessary precautions," he said.

The recent Rs 94-crore loss caused by a malware in a Pune- -based cooperative is only the latest in a series of incidents. Insurance officials said that small cooperative banks usually did not buy cyber insurance cover. However, as the Cosmos Cooperative incident proved, in the case of cyber attacks, even small lenders can suffer big losses. ICICI Lombard chief of underwriting, reinsurance and claims Sanjay Datta said banks have to first take all all required steps to protect themselves. "This is not like a fire insurance policy where discounts are given for having extra safety features. This is more like airline insurance where you assume that the insured is following a certain level of precautions," he said.

The safety features include having necessary firewalls in place and adopting best practices. Applying for insurance helps in identifying the best practices as this cover involves specialist global underwriters who ask the relevant questions. Agarwal said that, given the rate at which banks are going digital, one year down the line he expects every financial institution to go for a cyber security policy.

Insurers say that today cyber cover has become very sophisticated and it provides protection against multiple threats, which include risks such as loss caused by cyber heists, customer claims following a data breach, and cost of ransom payment in case of ransomware attack. The cyber liability policy would also cover loss of business due to a voluntary shutdown following a suspected malware attack. There is also the risk of regulatory penalties, which has increased in recent times.

Source

Back

Kerala: As claims begin to flood in, insurers work overtime to speed up settlements - The Hindu Business Line – 27th August 2018

What does it take to rebuild your life after rain waters and floods wash away or damage a huge part of it? Along with a good dose of optimism and determination, money is a key factor.

This is where insurance covers come in handy. While the government and insurers are working to not just process but also expedite claim settlement in the aftermath of the floods, the first thing to check for a policy holder is whether the cover provides insurance against natural calamities like floods.

For instance, many of those impacted by the Chennai floods of 2015 recount how, when they applied for insurance, they were told that their policies did not include protection against natural calamities.

“I applied for an insurance claim for my library which consisted of priceless journals, but it was rejected as it did not cover natural calamities. The claims of many neighbours for motor insurance or household goods were also similarly rejected,” said G Boopathi, former librarian and a resident of Arul Nagar, Urapakkam (West) in Chennai, which was one of the worst affected areas in the 2015 floods. Similarly, some also spoke about problems they faced in the assessment of losses by insurance companies.

Read the fineprint

Insurers also emphasise that it is essential to check whether the cover provides protection against floods.

“It is essential to note that the vehicles must have a comprehensive cover that includes protection against flooding of engine,” said an executive with an insurance firm, adding that consumer awareness is also required to ensure that they do not start vehicles that were submerged in water.

The vast majority of claims after the floods are expected to come from motor insurance apart from a few big-ticket claims from sea ports and the Kochi airport, which was shut down for nearly a week during the floods and is estimated to have made losses of about Rs 220 crore. While no industry-wide data is available at present, insurers believe the claims will be about Rs 1,000 crore, and not as high as the near Rs 5,000-crore following the Chennai floods.

Since flood waters began to recede in Kerala and neighbouring districts of Karnataka, insurance companies — state-run as well as private ones, have begun to roll up their sleeves. They are setting up camps, deputing additional personnel to the flood-hit areas and are coming out with simplified and, in many cases, uniform guidelines and documents for settling claims. The Finance Ministry and the insurance regulator Insurance Regulatory and Development Authority have also asked insurers to stick to strict timelines for settling claims.

Insurers ready

State-run general insurance companies under the General Insurers Public Sector Association of India (GIPSA) are fully geared up to settle claims, and have come out with common guidelines and standardised formats. “Claims have just started to trickle in but it is expected that a large majority of them will be for motor and health insurance. Property and home insurance are yet to catch up on a large scale,” said an executive with a public sector general insurer.

Private insurers are also coming up with facilities such as towing trucks and holding facilities for vehicles that were submerged in rain water. “We have rushed out personnel from States like Andhra Pradesh and Telangana to Kerala. We have also engaged pick-up trucks to tow the submerged vehicles. We have also engaged an agency to clean up the submerged vehicles and have come out with simpler modes of loss assessment,” said Easwara Narayanan, Chief Operating Officer, Future Generali India Insurance.

Cashless claim settlements for small amounts, waiving off documents, and payments within 24 hours are some of the other facilities that insurers are providing to those impacted by the Kerala floods. Life Insurance Corporation of India has said it will accept a certificate from any authorised government official, or a proof that the claimant has received ex-gratia from the government, as alternative proof of death. “In deserving cases, a certificate issued by the agent concerned will also suffice, subject to certain conditions. Or, a confirmed development officer can also certify the death,” it said.

It has also set up a special team for speedy settlement of claims from Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and other policies. Insurers believe that much of the life insurance claims would be those from the PMJJBY. Over 380 people are estimated to have been killed in the incessant rains in Kerala, which are being seen as the worst since those in 1924.

“We have come out with a simplified claim form and eased the document requirement. If everything is in order, we will settle the cliam within 24 hours in these cases,” said Nilesh Parmar, Chief Operating Officer, Edelweiss Tokio Life Insurance.

According to Parmar, in case the identity documents have been swept away in the rain water, the nominees can provide reference details such as bank account numbers, PAN or Aadhaar number.

Source

India: Cabinet approves MoU with US in insurance regulatory sector – Asia Insurance Review
The Indian union cabinet has approved the signing of a memorandum of understanding (MoU) between the IRDAI and the Federal Insurance Office (FIO) of the US.

Framework for cooperation and coordination
According to a statement issued by Press Information Bureau of Government of India yesterday, the MoU provides a framework for cooperation and coordination, including for the exchange of information and research assistance with respect to each regulator's overview and other lawful responsibilities.

Under the agreement, both countries intend to share their experiences on various regulatory functions and to provide mutual assistance including training activities.

Collaboration in many areas of insurance sector
India and the US have also agreed to continue to facilitate cooperation on international standard-setting activities, financial stability and the development and implementation of consumer protection through sound prudential regulation of the insurance sector.

Opening up lots of possibilities for investment in Indian insurance
The US is one of the major contributors of foreign direct investment in India and many companies have set up joint ventures with US based insurers.

With the foreign investment cap in Indian insurance sector at 49%, there is tremendous scope for foreign investments in Indian insurance sector particularly from US based companies. Hence the bilateral MoU between IRDAI and FIO holds lot of potential for the two countries.

Source

Back

Insurance Regulation

Irdai retains pricing for TP cover - Financial Chronicle – 30th August 2018

Insurance regulator Irdai on Wednesday issued the guidelines for the long-term third party motor insurance policies. The Insurance Regulatory and Development Authority of India (Irdai) has retained the current premiums of third party (TP) cover and given insurers the option to sell one-year own damage cover bundled with long-term third party or sell the own damage cover for the entire period as a package with third party.

While a third party plus own damage package will protect the customer from yearly rise in premiums, he will have to forego no claim bonus on the own damage component.

The existing third party premium rates will remain till March 31, 2019 and hence customers buying new vehicles between September 1 and March 31 will be able to protect themselves from the yearly price fluctuation for a three-year term for two-wheelers and five years for private cars. The customer will have to mandatorily buy third party cover for the prescribed period, but will have an option to buy own damage cover upfront for the sam-e period as a package cover or buy it for one year as a bundled product.

“The customer can protect himself from the price fluctuation in premium for a longer term. But if he buys own damage too upfront, he will not be eligible for no claim bonus. By collecting the premium upfront, the insurance company will receive investment income and this will compensate for the absence of yearly rise in premiums,” said S Thirunavukkarasu, country head, motor underwriting, Royal Sundaram.

But in the event of very high level of claims and compensation, the company will have to suffer losses if the premium is paid upfront. As the average third party loss ratio in the industry is around 125 per cent, this will be a concern for the insurance companies.

Insurance companies, however, find that it will increase the penetration of third party cover. “As is well known, motor insurance penetration drops to around 40 per cent for two- wheelers and 60 per cent for four-wheelers within two to three years of vehicle purchase. For us, at ICICI Lombard, it is a matter of deep concern that so many vehicles are being deployed on the roads without an adequate motor insurance cover. With the long-term policy in place, this problem should be largely addressed," said Sanjeev Mantri, executive director, ICICI Lombard General Insurance. "Lots of policyholders otherwise forget to renew or find it difficult to retain insurance afterwards. For the own damage part, it is too early to comment," said Rakesh Jain, ED and CEO of Reliance General Insurance.

After buying a bundled product, there is high chance of customer deciding not to buy own damage cover for the subsequent years of the term. This will be a huge loss of business for insurers. "For two-wheelers, paying three-year premium upfront will not be a burden. For luxury cars which have to pay premiums like Rs 1.5 lakh for a year, paying Rs 4.5 lakh can be a burden," said Thirunavukkarasu.

Source

Back

Irdai removes 10 health treatments from optional cover - Financial Chronicle – 28th August 2018

Insurance regulator Irdai has removed a few items, including dental procedures, stem cell treatment, infertility and psychiatric treatment, from the list of "optional cover". The terse notification, however, has only created more ambiguity than clarity on whether these items have to be mandatorily covered or not.

The Insurance and Regulatory Authority of India (Irdai) in a notification said in a partial modification of guidelines on standardisation of health insurance business some items have been deleted from the said list of 'items for which optional cover may be offered by insurers'

These included dental treatment that do not require hospitalisation, hormone replacement therapy, infertility, sub-fertility, assisted conception procedure, obesity treatment, if excluded in policy, psychiatric and psychosomatic procedures, corrective surgery for refractive error, treatment of sexually transmitted diseases, any expense when the patient is discovered with retro virus or suffering from HIV/AIDS, stem cell implantation, surgery and storage and aesthetic treatment and surgery.

"In the 2016 list of optional cover, there are 199 items. Irdai has deleted some of these items. Being optional these were not covered by the insurers. Now, the companies have to examine whether they like to cover them or mention them as permanent exclusions. Covering all these in the policies is not easy as it will need product modification and have a pricing impact," said Nikhil Apte, chief product officer, Royal Sundaram General Insurance.

Sanjay Datta, chief underwriting, claims and reinsurance – ICICI Lombard, said these items, which were not a part of the hospitalisation cover earlier, can now be covered as add-ons. "Irdai has corrected an anomaly as these treatments were part of the non-payable items. Now, they can be included in the product design," he said.

Dr Prakash, senior executive director, Star Health and Allied Insurance, found that this is a step of Irdai towards making insurance all-inclusive. "Insurance in India will penetrate further only if customers and doctors have trust in the product. Now, many of the treatments and procedures are not covered. While standardising health insurance, the regulator wants these items also to be covered by the insurance players," he said. "There is ambiguity in the notification. We will have to seek clarity on this from the regulator," added Apte.

Source

Back

Life Insurance

Life insurance: Ulips, online distribution to drive growth - Financial Express – 31th August 2018

Insurance is an important financial savings product in India. Household financial savings data shows that insurance funds contributed 1.9% of the Gross National Disposable Income (GNDI) in India in 2017-18, making it the third largest component of household financial savings after bank deposits and provident and pension funds, according to RBI Annual Report 2017-18. On a relative basis, shares and debentures (which also includes mutual funds) contributed 0.9% of GNDI in 2017-2018.

Density of insurance

Insurance penetration in India (measured by ratio of premium to GDP) is lower than the global average, and also lower than a host of its Asian peers. Life insurance penetration in India stands at 2.72, compared to global penetration of 3.47, while certain countries such as Taiwan, Hong Kong and South Africa have penetration levels in double-digits. Meanwhile the total insurance penetration (both life and non-life) in India stands at 3.49, compared to 6.28 for the world.

Another way to analyse is the insurance density level or ratio of premium in US$ to total population. For India, the life insurance density was $46.5 compared to $353 for the world in 2016 (Irdai annual report).

However, it is expected that for countries with lower per capita GDP, the insurance density levels will be relatively lower than countries with higher per capita GDP.

Although, given India's relatively lower per capita GDP its insurance penetration stands relatively higher to countries with comparable per capita GDP such as Pakistan, Bangladesh, Vietnam, Philippines, Sri Lanka and Indonesia.

Other insurance trends

Life insurance penetration trend in India has been volatile over the years. It picked up from 2005 onwards and peaked in 2008-09 helped by Ulips (Unit Linked Insurance Plans) to some extent. From there, insurance penetration has come down over the years—led to some extent by surrender and outflows from Ulip funds. However, the insurance penetration in India seems to have bottomed out, and has gradually picked up in past few years.

If we look at growth in premium over the past few years, growth is more visible in linked products (ULIPs). The annualised premium equivalent (APE) growth for linked products has been a healthy 36% CAGR for 2013-14 to 2016-17. Over the same period, the growth in premium for non-linked products (traditional insurance plans) has been flat at an industry level.

The growth of linked products has been on a relatively smaller base, as a major part of the total annual premium market share is for non-linked products (around 85-87% market share). The market share of linked products is relatively lower at 13-15% of overall annual premium.

The channels for distribution of life insurance is also gradually changing. Although in life insurance industry, banks play a dominant role in distribution (called Bancassurance channel), followed by agency channel (life insurance agents); direct channels, especially online channel, is starting to gain traction, due to increased digitisation and internet usage in India.

Going forward, the relative tax advantage of Ulips funds may also help to pick up inflows in this product category. The rationalisation of costs for Ulips over the years due to regulatory changes and distribution dynamics, have also made them a relatively attractive investment proposition for investors to meet their life goals, along with insurance cover.

The online medium could further help to increase penetration of life insurance (especially Ulips) in India. One cannot ignore the massive strides that e-commerce is taking in India, and the possible disruption that it can make in distribution for the life insurance space in India.

Source

Back

IRDAI instructs life insurers to extend grace period renewal premium payment by 60 days – Financial Express – 30th August 2018

Insurance Regulatory and Development Authority of India (IRDAI) today instructed life insurers to extend the grace period for payment of renewal premium by 60 days for policyholders of flood-hit Kerala and Karnataka.

Due to recent heavy rains and floods in Kerala and Karnataka, normal life has been severely affected and disrupted and policyholders are facing difficulties in timely payment of renewal premiums which might have already become due for payment, the regulator said in a statement.

"Under the circumstances, all life insurance companies are hereby instructed to facilitate such payment of renewal premiums by way of extending the existing grace period of 15 days or 30 days, as applicable to 60 days for payment of premiums due during the period from July 15, 2018 to September 30, 2018 for Kerala and for flood affected districts of Karnataka," it said.

Coverage under such policies may get lapsed due to non-payment of renewal premiums, it said.

Source

Non-life Insurance

Kerala floods could result in higher loan slippages, insurance claims: Ind-Ra – Financial Express – 31st August 2018

The Kerala floods could materially affect the unsecured lending of microfinance institutions, SME businesses and the state's agriculture output, resulting in higher loan slippages and insurance claims, according to India Ratings and Research (Ind-Ra). While Kerala has 14 districts and the coastal districts have been relatively unaffected, eight districts comprising 56% of the state's population have suffered major losses. Kerala is the 10th largest state in terms of overall bank credit, and its share in total bank credit was 3.2% and in deposits 3.8% in FY18.

Many regional commercial banks would be affected due to their legacy state exposure towards SME and agriculture, where loan slippages could materially rise till the borrowers' cash flows normalise. Large regional banks such as Federal Bank and South Indian Bank could see an immediate increase of 20%-25% in gross NPL. Gold financiers would particularly be impacted and could see higher auctioning post moratorium, as their borrowers largely depend on agricultural activities for servicing loans, said Ind-Ra.

Microfinance institutions' exposure to the state stood around Rs 2,100 crore with PAR30 (standard measurement in microfinance) at 2.7% in FY18. Post this event, there could be a spike in PAR30 number for the eight players operating in the Kerala geography, where portfolio behaviour would remain vulnerable, largely due to the loss of livelihood for many borrowers.

Source

Back

'Cyber insurance gaining traction beyond the BFSI sector' - The Hindu Business Line – 29th August 2018

Even as a cyber attack left Pune- based Cosmos Bank taking a ₹94-crore hit, insurers believe that protection against cyber crimes is the next big emerging area for risk management. Not just the banking and financial services sector, but firms in manufacturing and pharmaceuticals sectors are also taking insurance against cyber crimes.

"At the moment, BFSI is largely taking cyber crime insurance but other industries are also looking at it. People think that if they have a transactional IT platform they need cyber insurance. That's not true. If you are IT dependent or if you have heavy IT interaction, you need cyber protection," said Prabodh B Thakkar, Chairman, Global Insurance Brokers.

Protects against...

Apart from fraudulent transactions, cyber insurance also provides protection against security breaches, website defacement, business interruption risk, even if a company is found to be non-compliant with privacy laws. Banks are working to ensure that such breaches do not happen and large and mid-size lenders have protection against such risks.

According to Thakkar, more Indian companies are enquiring about and buying cyber insurance. "We are projecting that like D&O policies, every corporate will go for cyber crime insurance," he told *BusinessLine.* Global Insurance Brokers was until last year Aon Global Insurance Brokers. It bought out the 26 per cent equity of Aon last year after forming a joint venture in 2002.

"Since then, Global Insurance Brokers has invested significantly in technology and increased its manpower," Thakkar said. "We have invested big time in technology. We have nearly doubled our employees from 285 to 490," he said, adding that they have trained 150 graduates with an in-house curriculum.

Source

Back

Kerala floods: More than 11,000 insurance claims worth Rs 1,200 crore filed – Mint – 29th August 2018

More than 11,000 claims worth an estimated Rs 1,200 crore have been filed by flood-affected people with four public sector insurance companies in Kerala, a top official said today. United India Insurance Company director and general manager K.B. Vijay Srinivas said the public sector insurance companies had decided to simplify the process and dilute norms for speedy disbursement of claims to the flood-affected people.

"As of yesterday, New India Assurance Company, General Insurance Corporation, United India Insurance Company and Oriental Insurance Company received more than 11,000 claims with an estimated loss of Rs 1,200 crore. We are expecting more claims in the coming days," he told reporters in Thiruvananthapuram, adding the process of settling claims would be done soon.

More staff have been brought from other states for quick disposal of cases, he said.

All flood-related deaths will be treated as accident cases eligible for insurance claims, Srinivas said, adding the companies will go by the list of deceased provided by the government. "The procedure for all types of insurance claims has been simplified and the companies will stick to the basic standard formalities," he said.

As a proactive step to process the claims relating to floods, the companies have started collecting preliminary information on the loss to policyholders through phone calls, e-mails and direct communication, the official said.

On steps taken for speedy and hassle-free settlement of claims, he said postmortem and police reports have been done away with while disposing personal accident claims.

Source

Rains and floods in Kerala, the deadliest in the last century, have claimed the lives of 474 people since 29 May when the southwest monsoon set in over the state.

Back

Why Kerala flood victims need to file insurance claims now – Mint – 27th August 2018

If you were affected by the Kerala floods, you may be busy putting back your life in order now that the floods are receding. But it's also important to assess the damages to your assets and file your insurance claim soon to avoid rejection due to delayed filing. Though the Insurance Regulatory and Development Authority of India (Irdai) has asked insurers to expedite the settlement of insurance claims with minimal paperwork, it is only wise to approach your insurer before it gets too late.

"Claims reported immediately receive priority on account of special arrangements made by the insurers and repairers in terms of deployment of additional resources and spares," said Amitabh Jain, head of motor and health, underwriting and claims, ICICI Lombard General Insurance Co. Ltd.

Why you should move fast
In case of a natural calamity like floods, eligible claims should be notified to the insurer at the earliest because a delay could mean further consequential damage allowing the insurer to deny payment, explained Navin Chandani, chief business development officer, BankBazaar.com.

In fact, when calamities like floods occur, most insurance companies send advisory messages and it's important to take note of the instructions to avoid further damage to your assets. For instance, if your vehicle is submerged in water do not try to clank or push start the engine. Also, don't turn the ignition on once the water has receded because it could result in a short circuit in the electrical system. Instead, inform your insurer and let it tow the vehicle and examine the damage. "Motor policy terms and conditions prescribe for immediate intimation of a claim. It should be noted that intimation to an insurer does not require documents to be presented," said Jain.

It is also helpful to take pictures of your property once the damage has occurred. "This instils a sense of trust in the insurer and increases the chances of your insurance claim getting processed," said Chandani. He added that waiting for more than three days to inform the insurer makes it difficult for the insurer to fully trust the policyholder because there is a possibility of extended damage that may have happened in the interim.
The more you delay the more you expose yourself to the risk of rejection of an insurance claim. Most policy documents usually mention the notice of claim and a delay beyond that gives the insurer an upper hand to decide whether or not to approve the claim.

In case of delay
In case you were unable to file the insurance claim and there has already been a delay, inform the insurer about the reason for delay. "The policyholder can call us or write to us and confirm the reason for delay. If it is a genuine claim, we ensure that all measures are taken and we process it within the best turnaround time," said Ashish Mehrotra, managing director and chief executive officer, Max Bupa Health Insurance Co. Ltd.

Sasikumar Adidamu, chief technical officer, Bajaj Allianz General Insurance Co. Ltd, said that as long as the delay in filing claims is within a reasonable time frame and if the delay is justified with a proper reason, the company would process the claims. He added that the company is flexible with timelines during times of massive destruction caused by, say, a flood.

Also, the insurance regulator has instructed insurers to not deny genuine claims on grounds of delay alone. Claims could also get rejected if your insurance policy does not cover the type of damage that has occurred. Read your policy documents carefully to understand what it includes before filing the claim. On an average, insurers are receiving 5-10 claims from Kerala every day, said Mehrotra. Meanwhile, insurance companies are expecting the regulator to soon announce a timeline for them to settle the claims of flood-affected victims of Kerala.

Source

Back

Women drivers get extra cover at night – The Times of India – 25h August 2018

With women's safety becoming an increasing concern, especial especially at night, motor insurers are trying to provide extra cover for female drivers. Some now offer night roadside assistance (RSA), hailing of a cab service, assistance to an emergency medical centre, and even a night' night's stay at a nearby hotel. While for some it's an add-on for a nominal payment, others like ICICI Lombard and Bajaj Allianz offer the service free for women customers. ICICI Lombard General Insurance executive director Sanjeev Mantri said, "For decades, insurers have offered services such as RSA to motor insurance customers. The problem with RSA is that it is a one-size-fits-all type of service."

ICICI Lombard realised from customer calls that it needed a specific facility for women. "In one case, a woman customer would always return at 10pm after work. Another had to drive late when her in-laws faced a medical emergency. In both instances, their prime requirement was immediate assistance, presence of a trusted person and assurance of support," Mantri said.

So the insurer has just launched Women Assist — a programme available in 13 cities, including New Delhi, Noida, Mumbai, Bengaluru, Hyderabad and Chennai. The service is available between 8pm and 6am, with access to a pan-India network of 3,500 garages, taxi partners and hotels. In case the customer is too far from home, the insurer will arrange for a night stay at a hotel with a budget of up to Rs 5,000 a night. In case of minor repairs, while the vehicle is being attended to, refreshments will be organized.

Bajaj Allianz's policy has a 24/7 Spot Assistance for women that includes urgent message relays, assistance to an emergency medical centre, fuel refills of up to 3 litres of petrol/diesel, and taxi service anywhere up to 50 km from the spot where the insured was immobilised. The person also gets Rs 1,000 per day per occupant for accommodation. Bajaj Allianz General CEO Tapan Singhel told TOI, "If you have an accident at any time during day or night, we will help with paperwork, conduct a spot survey, and even provide legal advice over phone if necessary. We help with drained batteries, minor repairs, technical issues, or tow away the vehicle to the nearest Bajaj Allianz preferred workshop."

To deal with medical emergencies such as a heart attack or a road accident, both ICICI Lombard and Bajaj Allianz have partnered with more than 4,000 hospitals across the country. They will also coordinate with its networked hospitals for arrangement of ambulance and medical care and inform all emergency contacts. For hotels, the insurers do not have tie-ups, but will honour all reimbursement claims up to the limits provided.

Insurers like Bharti Axa and Tata AIG General have such covers, but they have to be paid for separately. Reliance General Insurance provides roadside assistance for all its customers free of cost, irrespective of gender. "We pay for minor repairs, flat tyre replacement, car towing and breakdown services," a spokesperson said. But the service does not cover charges if the car breaks down outside a 25km radius of a networked garage. It also doesn't, as of now, bear hotel or transportation costs incurred.

Source

Back

India: Title insurance makes little headway – Asia Insurance Review

The Real Estate (Regulation and Development) Act [RERA] has taken effect since 1 May 2017 making it compulsory for developers to take title insurance, but to date, not a single state regulator has mandated it. Section 16 of the RERA requires developers to adopt title insurance; however, the insurance will be mandatory only after the regulator of each state issues a notification about it, notes Press Trust of India. The new law covers residential and commercial construction. In addition, since the concept is new in India, not many insurance firms have introduced the product. HDFC Ergo launched title insurance in July, making it one of the first such products launched by private insurers.

Furthermore, developers are hesitant to adopt it, saying it may add to costs. According to financial services company Nisus Finance, considering the real estate sector is estimated at about $50bn each year, the potential insurance premium can be in excess of $1bn each year, which can add about INR150 ($2.12) to INR200 per sq feet of cost to the end product, which is steep for affordable housing.

Nisus Finance MD and chief executive Amit Goenka said, "The burden on developers will be massive because they will have to fork up almost 2-3% of the development value of the project upfront to obtain title insurance, apart from undergoing a prolonged and difficult exercise to verify the authenticity of title to the satisfaction of insurers which will add to the transaction costs."

Title insurance provides coverage against financial loss arising from title defects and other irregularities pertaining to property acquisition. House of Hiranandani chairman and MD Surendra Hiranandani said the key question in adoption of title insurance is the cost.

"Hopefully, if there are a large number of takers, the costs would fall. Right now, it is prohibitively expensive and would impact costs and therefore prices. Also, it should be noted that title insurance covers only part of the risks and does not protect from many kinds of litigation and issues," he said.

Source

Back

Health Insurance

Irdai reviews list of non-payable items under health insurance – Mint – 30th August 2018

On 27 August, the insurance regulator issued a circular removing 10 ailments and medical procedures from the list of non-payable items under a health insurance policy. These include medical procedures and ailments like dental treatments that do not require hospitalisation, hormone replacement therapy, treatment for infertility, obesity, treatment of HIV and AIDS, aesthetic surgery and stem cell implantation or surgery. In an effort to standardise the list of non-payable items in health insurance, the regulator in 2016 had made a list of around 199 non-payable items. Insurers were given flexibility to include or exclude these items.

To keep the list focussed only on consumables and non-medical items, the Insurance Regulatory and Development Authority of India (Irdai) has removed medical procedures and ailments. But this does not mean insurers are now liable to insure these procedures. “The list of non-payable items primarily includes consumables and other non-medical items. So far this list also included medical procedures and ailments, so we have removed those from the list,” said an Irdai official who didn’t want to be named. “Insurers will still have the freedom to exclude or include these procedures as per provisions of the law,” the official added.

From a customer standpoint nothing changes. “For customers, this circular has no impact because even as the medical procedures and ailments have been removed from the list, the regulator has not explicitly asked the insurers to include them. Insurers, therefore, still have the flexibility to exclude these items," said Puneet Sahni, head, product development, SBI General Insurance Co. Ltd.

While nothing changes for you, it may be a good time to understand the list of non-payable items in a health plan.

Non-payable items

The standardised list has about 199 items that are generally excluded from a health insurance policy. Of course, insurers are free to include some of the items from the list but they cannot add to the list of exclusions. These are expenses that are not payable by your policy. Items on this list range from consumables, non-medical items including toiletries, cosmetics, personal comfort or convenience items to certain elements of room charges and administrative charges.

For instance, telephone, laundry or internet costs are not payable. Even medical items such as spectacles, contact lenses, hearing aids, adhesive bandage, crepe bandage, and gauze are not payable. In room-related costs, expenses on television, air conditioning, housekeeping and attendant costs are not payable if they are billed separately and are not part of the room costs.

Administrative costs like the admission kits, discharge procedure, entrance passes or visitor passes, and patient identification bands or name tags are not payable by your policy. These expenses can account for up to 10% of the total hospital bill that you have to pay from your pocket; so knowledge of what is not payable is important.

“Some ailments and procedures had crept into the list of non-payable or optionally covered items. The circular from Irdai has rectified it.

The circular in no way deprives the insurer of their prerogative of either covering or excluding these ailments or procedures as per the product constructs which would reflect in the policy wordings,” said Shreeraj Deshpande, head, heath insurance, Future Generali India Insurance Co. Ltd.

Most health insurance plans exclude these medical conditions and procedures so you need to take a closer look at health insurance policy documents to understand ailments and conditions that are not covered by the policy.

But this circular has triggered some debate on exclusions. “Medical procedures like stem cell surgery or hormone replacement therapy were seen to be experimental in nature and were therefore excluded earlier.

But now they are standard medical procedures in certain conditions,” said Kapil Mehta, co-founder, SecureNow.in. “Given that we are moving towards more inclusive health insurance coverage through Ayushman Bharat, retail products should also move in that direction,” he added.

Source

While this circular doesn’t push the insurance industry to be more inclusive, the regulator has set up a committee to review exclusions in health insurance and make suggestions on how to make such policies more transparent and inclusive. The committee is expected to submit its report by next month.

Back

Govt asks districts to weed out names that should not be in list of Ayushman Bharat beneficiaries - The Economic Times – 29th august 2018

With only a month to go before India launches what is touted to be the “world’s largest” health insurance scheme, the government is trying to plug any leaks that may lead to the “wrong” people availing its benefits.

The National Health Agency (NHA) on Tuesday sent a circular to districts asking them to weed out any families identified as eligible for the Ayushman Bharat-National Health Protection Mission (AB-NHPM), but who in reality are financially well off.

This includes any Members of Parliament, Members of Legislative Assemblies, businessmen and government officials who have figured in the Socio Economic Caste Census of 2011, which the centre has used to identify 10.74 crore beneficiaries for the scheme. AB-NHPM has now been renamed Pradhan Mantri Jan Arogya Yojana (PMJAY).

The move comes months after reports in May that Bharatiya Janata Party MP Sakshi Maharaj figured in the list of the scheme's beneficiaries from Etah, while some villagers in the district were left out.

NHA has asked states to authorize district collectors, district magistrates or deputy commissioners to exclude such beneficiaries from the list, but only on the basis of written representation and after proper inquiry into each case, according to its latest circular dated August 28.

At the same time, the government does not expect the move to drastically shrink the number of beneficiaries that can avail the ambitious health insurance scheme announced by the centre in February. According to one official, this exercise may lead to at most 0.1% of the identified names being removed from the list of beneficiaries.

Source

"It was recently brought to the government's notice that there are some names in the beneficiary list that, based on their economical and social standing, should not have been a part of the list in the first place. This circular will help resolve that," the official told ET on condition of anonymity.

Modicare's another first: Pradhan Mantri Jan Arogya Yojana becomes 1st healthcare scheme with privacy policy - Financial Express – 29th August 2018

Prime Minister Narendra Modi's ambitious healthcare scheme Pradhan Mantri Jan Arogya Abhiyaan, also known as Ayushman Bharat or Modicare, has become the first healthcare program in the country to have its own data privacy policy. Notably, the health scheme is slated to be rolled out from September 25 on the birth anniversary of Pandit Deendayal Upadhyay.

According to a report by The Indian Express, the National Health Agency (NHA), which is the implementing authority of PMJAY, has put in place 100 controls including authorisation, authentication, passwords, firewalls and data encryption to protect the data of the estimated 50 crore citizens to be benefited from the program.

The healthcare program has included several principles, including curbs on the collection and purposes for which personal data can be used, from the data protection report that was submitted by the panel headed by Justice BN Srikrishna last month.

NHA will be responsible to form a committee to be called "Data Privacy Committee" headed by a Data Privacy Officer. The proposed committee would have three members and will be responsible for reviewing the compliance with the Data Privacy Policy.

Meanwhile, Ayushman Bharat CEO Indu Bhushan said, "We will be dealing with a lot of personal health data and also Aadhaar information so we need to make sure that the collection storage and use of that data is done in a foolproof way. We need to make sure that the process of consent is free, transparent and fair."

Also, beneficiaries of the scheme can demand access to the copies of their personal data or any other information on activities carried out with their personal data. They also have rights to ask for restriction of access or withdraw their consent for accessing their personal data. Moreover, the health data is also can not be used or provided to employers, insurers, HR consultants, pharma companies or to any other person or authority for commercial use.

Ayushman Bharat was announced by Finance Minister Arun Jaitley in the Budget 2018. Under the scheme, poor and vulnerable families will be provided a health coverage of upto Rs 5 lakh per family annually for hospitalisation costs.

The beneficiaries under the scheme can avail benefits in both public and empanelled private facilities. The scheme subsumed centrally-funded state-level Rashtriya Swasthya Bima Yojana, which provided a coverage of Rs 1-2 lakh to about 3.63 crore families in the fiscal year 2016-17.

Union Health Minister J P Nadda unveiled the PMJAY logo on Monday, August 28. A total of 29 states and union territories have inked the Memorandum of Understanding (MoUs) and have started working on implementation of the scheme.

Source

Back

How Ayushman Bharat can change healthcare system – Mint – 29th August 2018

The government is set to launch the Ayushman Bharat-National Health Protection Mission (AB-NHPM) on 25 September, the birth anniversary of Bharatiya Jana Sangh leader Deendayal Upadhyaya.

The ambitious scheme, also known as Modicare, aims to offer an annual health cover of Rs 5 lakh per family, targeting more than 100 million families belonging to the poor and vulnerable sections of the population, based on Socio-Economic Caste Census (SECC) database. The ministry of health and family welfare will be implementing the scheme.

The annual health cover of Rs 5 lakh per family will allow beneficiaries to avail cashless benefits from any public or private empanelled hospital in India. It is an entitlement-based scheme which was drafted on the basis of the deprivation criteria in the SECC database. The expenditure incurred in premium payment will be shared by the central and state governments.

Implementation

The scheme focuses on cooperative federalism and flexibility to states. At the national level, an AB-NHPM agency will be established. States and Union territories (UTs) will be advised to implement the scheme through a dedicated entity, the state health agency (SHA). They can either use an existing trust, society, not-for-profit company, state nodal agency (SNA) or set up a new entity to implement the scheme. States and UTs can decide to implement the scheme through an insurance company or directly through a trust or society, or use an integrated model. For giving policy directions and fostering coordination between the centre and states, it has proposed to set up an AB-NHPM council at the apex level, chaired by the Union health and family welfare minister. To ensure that the funds reach SHA on time, the transfer of funds from the central government through Ayushman Bharat to state health agencies may be done through an escrow account. In partnership with NITI Aayog, a robust, modular, scalable and interoperable IT platform has been made operational, which will entail paperless and cashless transactions.

Impact

With effective implementation, the scheme may have a positive impact on reducing out-of-pocket expenditure. The government argues that the poorest and the vulnerable will have health insurance. The scheme will initially cover nearly 40% of the population. Barring a few procedures, the scheme covers almost all secondary and many tertiary hospitalizations, which in normal circumstances, bankrupt poor people. This can have a cumulative positive effect on increased access to quality health and medication. In addition, the unmet needs of the population, which remained hidden due to lack of financial resources, will be catered to. This may lead to timely treatments, improvements in health outcomes, patient satisfaction, improvement in productivity and efficiency, and job creation, leading to improvement in overall quality of life.

The challenge ahead

A recent PwC-Confederation of Indian Industry (CII) report on AB-NHPM highlighted that the government will require the right infrastructure to meet the new bed capacity demand. At least 33% of the people covered by the scheme will have no previous health insurance coverage and will have a hospital admission incidence rate of 6% with an average three-day stay.

Source

Currently, there are 1.35 million hospital beds for around 180 million people covered under the Rashtriya Swasthya Bima Yojana, according to the report.

Back

Modicare: Rule of hospital stay eased for cancer fighters – The Times of India – 28th August 2018

Cancer patients will not require hospitalisation to avail benefits under the Ayushman Bharat National Health Protection Scheme with the government adopting the guidelines of the tumour board to ensure that such patients do not have to pay out of their pocket. The health ministry launched anti-fraud guidelines along with data privacy and information security policy on Monday ahead of the launch of the state-run health insurance scheme on September 25.

While patients require hospitalisation to avail benefits under the scheme, the exemption will apply for cancer patients. Dinesh Arora, Deputy Chief Executive of Ayushman Bharat said, “We have adopted the tumor board guidelines and therefore, cancer patients can avail the benefits up to Rs 5 lakh without hospitalisation. This will also cover chemotherapy, medicines and diagnostics.”

“Based on international best practices and India-specific regulations, 94 controls have been set at various levels for secure handling of sensitive personal data,” health minister JP Nadda said while unveiling the logo of the mega health insurance scheme. Nadda said no enrolment is required for beneficiaries and there is no payment for obtaining services at empanelled hospitals. “Criminal cases will be filed against fraudulent websites and agents trying to collect money from beneficiaries,” he said.

Source

Back

U’khand renames health insurance scheme after Atal – The Times of India – 27th August 2018

In a tribute to Atal Bihari Vajpayee, the Uttarakhand cabinet has renamed the Ayushman Uttarakhand Yojana after the former PM. The scheme, which aims to provide health insurance cover of around Rs 5 lakh to economically weak families in Uttarakhand, will now be known as the Atal Ayushman Uttarakhand Yojana.

Urban development minister and government spokesperson Madan Kaushik said, “We started the cabinet by observing a two-minute silence for the former PM who passed away on August 16. The cabinet unanimously decided to name the health insurance scheme after Vajpayee.”

Funded by the Centre, the scheme will start from September 15. The state government has signed a Memorandum of Understanding with the National Health Agency to provide Health Agency to provide health insurance.

The beneficiaries will be provided health insurance through listed hospitals. Over 2.6 lakh government employees, officers, retired personnel and their dependents are expected to benefit from the scheme. The state government employees will have the facility of treatment outside the state as well. The government has also fixed an annual contribution from the employees to avail the scheme.

As per the cabinet's approval, as many as 1,350 diseases and health ailments have been included under the risk cover. Until now, 56 government hospitals and six private hospitals of Uttarakhand have been included under the scheme.

Source

Back

Ayushman Bharat scheme to cover 55 crore people: Union minister JP Nadda – Financial Express – 27th August 2018

Ayushman Bharat, the Centre's flagship national health protection scheme, will provide coverage to nearly 55 crore people as 10.74 crore households are being targeted as beneficiaries, Union minister J P Nadda said today.

"29 states and UTs have signed the MoU and started working on implementation of the Pradhan Mantri Jan Arogya Yojna. The pilots have started in 16 states/UTs. Other states/UTs will also start pilots before fully launching the scheme on September 25," the health minister said. Addressing a function here, the minister said as part of the scheme, 94 IT controls are being provided so that the security and storage of the personal data of health is not shared without the consent of the person.

The minister observed that once a person has been identified as an eligible beneficiary, a card will be issued to him or her to avail annual health cover facility of up to Rs 5 lakh. Pradhan Mantri Jan Arogya Abhiyan, known also as Ayushman Bharat scheme, will be launched across the country from September 25. An agreement was signed today between the Ministry of Skill Development and Entrepreneurship and the Ministry of Health and Family Welfare where one lakh 'Aarogya Mitras' will be trained by Skill India supporting the recently announced Ayushman Bharat.

'Aarogya Mitras' will help identify intended beneficiaries under the scheme by assessing their proof of identity, Nadda said. It has been proposed to depute 'Aarogya Mitra' at each Empaneled Health Care Provider to provide support in beneficiary verification, grievance redressal, etc. Nadda categorically said that no enrolment is required for beneficiaries and there is no payment for obtaining services at empanelled hospitals. "Criminal cases will be charged against fraudulent websites and agents trying to collect money from beneficiaries," he added.

"The services will include more than 1,300 procedures covering pre and post hospitalisation, diagnostics, medicines etc., and the beneficiaries will be able to move across borders and access services across the country through the provider network seamlessly," Nadda said. Addressing the conference, he said the government has given total flexibility to states to choose their own modes of implementation among insurance, trust or mixed mode and the government is ready to provide the required support also. "The information security is based on international best practices and India specific regulations and more than 94 controls set at various levels for secure handling of sensitive personal data. Strong measures have been taken to ensure security and privacy of data obtained, stored and used based on international best practices and India specific regulations," Nadda said.

Source

Back

Ayushman Bharat and concepts of insurance – Mint – 27th August 2018

Nearly 500 million people or 40% of India's population will have health insurance as the government gears up to launch Ayushman Bharat, a health policy for the under-privileged. Modalities with respect to its pricing are still being worked out, but the scheme will be financed by the centre and the state governments.

Many states have agreed to launch Ayushman Bharat through a trust model and not the insurance model.

Under the trust model, the premium will not be paid to an insurance company, but will be pooled into a trust. It is this trust that will manage and administer the health scheme and also pay the claims. Under the insurance model, the state will pay premiums to an insurance company just like you do to your health insurer. The onus will be on the insurer to administer and pay the claims.

Both insurance and trust models depend on two basic principles: pooling of risk and law of large number.

Pooling of risk
What are the chances of a theft occurring in the entire neighbourhood at once? Close to zero, but chances that one house gets robbed are much higher. Now imagine the entire neighbourhood gets together and pools money to insure themselves against the common threat of theft. So if one house gets burgled, the pool can compensate for that burglary. This is called pooling of risk. Here, the risk of an event is spread out among all the people facing the risk who are prepared to pay a small sum or premium to get protection from that risk.

Law of large numbers
But pooling of risk is just one part, it's important for this pool to be large to avoid adverse selection and improve the predictability of a risky event actually taking place to be able to price the product right. This predictability increases as more people join the pool. This is called the law of large numbers. According to this law, the average of the results obtained from a large number of trials will be closer to the expected result. Insurers can predict risk more accurately through this law.

So the larger the sample size, the greater is the predictability for insurance—this also leads to pricing the risk right. This is what Ayushman Bharat model depends on given that it's meant for 500 million people. Comparatively, till FY17, insurers covered about 100 million people, excluding government cover.

Source

Back

Motor Insurance

New vehicles to get long-term third party motor insurance from Sept 1 - The Hindu Business Line – 30th August 2018

General insurers will provide long-term third-party motor insurance covers for new cars and two-wheelers from September 1. The Insurance Regulatory and Development Authority of India (IRDAI) directive follows the Supreme Court order in July.

Accordingly, third party cover for new cars will be for three years and for new two-wheelers, five years. At present, third party cover is mandatory under law but is offered only for one year.

The IRDAI in its guidelines has said the premium should be collected for the entire term at the time of sale of insurance but will be recognised on a yearly basis. The insurance will be cancelled only in case of double insurance, loss or sale of vehicle, it added.

"The premium for the year shall only be recognised as income and the remaining premium shall be treated as "premium deposit" or "advance premium," the IRDAI has said.

For package policies, which provide comprehensive cover for third party liability and own damage, the regulator says insurers have the option to provide a long term package for both or a bundled cover with a three- or five-year term for the third party component and a one-year term for 'own damage'.

Insurers have to ensure that the cover is available through online channels as well and should advertise the introduction of the long term motor third party insurance as stipulated by the Supreme Court.

"They shall also liaise with the police authorities to facilitate issuance and renewal of third party insurance cover and ensure its easy availability," IRDAI has said.

'A welcome move'
Insurers have welcomed the move and said the industry had been preparing for it since the Supreme Court ruling.

"According to estimates, about 60 per cent of two-wheelers and 35-40 per cent of four-wheelers are being driven without any motor insurance cover. With the launch of mandatory long term motor policies, we are sure that motor insurance penetration levels will rise further in the coming years," said Sanjeev Mantri, Executive Director – ICICI Lombard General Insurance, adding that the company is ready to offer such products from next month.

Pricing for own damage

Rakesh Jain, Executive Director and CEO, Reliance General Insurance, said the pricing of premium for 'own damage' had to be worked out.

"A lot of policyholders forget to renew or find it difficult to retain insurance. For the own-damage part - it is too early to comment. The premium needs to be worked out taking into consideration inflation on labour and spare parts over the future policy period. Industry needs to gather more data points and decide on the pricing approach," he said.

However, another executive with an insurer questioned how this directive would work in sync with that on Pollution Under Control Certificate. Vehicle owners have to get the PUC ahead of policy renewal. "The long term cover would be for three to five years while PUC is for a shorter time period," he pointed out.

Source

Back

Crop Insurance

Unpaid crop insurance: Court notice to govt on farmers' PIL – The Times of India – 31st August 2018

The Madras high court has ordered notice to the state government on a PIL seeking to settle the pending crop insurance claims of farmers during 2016-17 with 12% interest. Admitting the plea moved by Vivasayigal Satta Iyakkam (Farmers' Legal Movement), a division bench of Justice S Manikumar and Justice Subramonium Prasad Prasad directed the state to file a reply by September 27.

According to the petitioner, the union government introduced Pradhan Mantri Fasal Bhima Yojana (PMFBY) scheme to indemnify farmers/ crops affected due to natural calamities such as heavy rain, flood, cyclone, severe drought and other factors. The New India Assurance Company Limited is the insurance provider under the scheme and has to co-ordinate with all central and state government agencies for its implementation.

In 2016-17, due to shortage of rainfall, severe drought, and non-availability of Cauvery water, paddy and samba cultivation in 33 revenue districts were affected and zero yield was registered during the period, the petitioner claimed.

"The farmers are entitled to get Rs 62,500 per hectare as per the scheme and it is mandatory on part from the insurance company to pay the amount by June 2017 to all the claimants who have duly paid the premium," the organisation said. The petitioner alleged that after several representations only 25% of the claim was paid, that too in the months of in April and May 2018 after a delay of 10 months.

As the efforts of the petitioner to get the balance claim did not bring desired result, the organisation has approached the court.

Source

Back

Kerala lessons for crop insurance - Financial Express – 30th August 2018

After experiencing the all-round devastation caused by the floods said to be the worst in 100 years, the work of rehabilitation and restoring the livelihood of people in Kerala will be receiving top priority of the government. Even though agriculture contributes just 9% of the state gross domestic product, a majority of rural population of Kerala is still dependent upon agriculture and allied activities. The floods have devastated vast parts of the state's agriculture and related sectors, and farmers have lost their crops and animals. Only 2% of the gross cropped area in the state is covered under the Pradhan Mantri Fasal Bima Yojana (PMFBY). So, farmers will not benefit from a scheme designed to provide succour in circumstances in which it is most needed.

Since FY93, in Kerala, the area under rice has declined, while that under tapioca, banana, pepper, rubber and coconut has substantially increased. Paddy occupies less than 10% of the net sown area of the state. There are many reasons for this transformation. The shortage of labour and the integration of Kerala's agriculture economy with the global export market has contributed to this diversification.

The Centre launched the PMFBY from the kharif season of 2016 onwards. The premium to be paid by farmers was fixed at a very low rate of 2% of the sum insured for kharif, and 1.5% for rabi for food grains, pulses and oilseed crops. For annual commercial and horticulture crops, it was kept at 5%. The difference between the actual premium and the farmers' premium is paid as premium subsidy, and it is equally shared between the state government and the central government.

Many states have taken initiatives to popularise the scheme and provide insurance cover to a large percentage of farmers. In 2016-17, Chhattisgarh, Rajasthan and Madhya Pradesh covered over 40% of the gross cropped area (GCA) under crop insurance, while Kerala insured just about 2% of the GCA and covered banana, paddy and tapioca under the PMFBY. Under the more popular, weather-based crop insurance scheme, Kerala has covered areca nut, banana, cardamom, ginger, pepper, pineapple and sugar cane. But it seems that the crop insurance scheme was not given adequate publicity and importance by the state government, and the insurance coverage remained very small.

In Kerala, of the GCA of 26.17 lakh hectares, only 17.6% is under irrigation cover—but an average of 2,039-mm of normal rainfall during the southwest monsoon season ensures that farmers get enough water for their crops. In fact, monsoon rains in Kerala bring cheer not only to farmers, but also to tourists, who throng the resorts during this period. In 2016, Kerala received 34% lower-than-normal rainfall during the monsoon months of June to September. In its first year of operation, as many as 23,649 loanee farmers and 7,882 non-loanee farmers insured their crops under the PMFBY, and an area of 21,378 hectares was insured. Kerala collected a gross premium of Rs 8.58 crore, of which farmers paid Rs 3.12 crore as premium. The central and state governments paid a premium subsidy of Rs 4.34 crore each. Due to the damage to their crops, 21,046 insured farmers received a claim of Rs 17.35 crore from the Agriculture Insurance Corporation (AIC), a government of India company.

In 2017, Kerala received 1,856-mm of rainfall, which was minus 9% of normal rainfall. The Wayanad district, in fact, faced a shortfall of minus 37%. During the kharif 2017 season, 25,666 loanee and 2,593 non-loanee farmers insured their crops and paid a premium of Rs 3.76 crore, while the gross premium was Rs 12.45 crore. Against the estimated claims of Rs 9 crore, the insurance companies settled claims of Rs 6.12 crore, benefiting 14,694 farmers. The state government released part of premium subsidy of kharif 2017 only on August 4, 2018, and I understand that the AIC has already paid Rs 7.96 crore as claims arising out of kharif 2017.

The paddy crop in the Kuttanad region—covering Alappuzha, Kottayam and Pathanamthitta—has gotten submerged in water due to the floods and the insured farmers should soon be able to get their insurance claims from the AIC.

From kharif 2017 onwards, the central government had made it compulsory for banks to enter data of insured farmers on the insurance portal. However, the crop insurance portal does not provide any data for kharif 2018. It is, thus, not known how many farmers in Kerala were insured this year. If the state government of Kerala had taken a serious interest in the crop insurance scheme and covered a higher GCA, farmers would have received insurance claims due to the damage caused to crops by the floods this year. The impact of financial devastation on farmers could have been minimised through crop insurance.

It is hoped that other states will learn from the Kerala experience to shield their farmers from natural calamities.

Source

Back

Insurance Cases

Hyderabad: Insurance court asks ESIC to refund Rs 61 lakh to TSTDC – The Times of India – 27th August 2018

Finding fault with the Employees State Insurance Corporation (ESIC) for unduly harassing a quasi governmental organisation like Telangana State Tourism Development Corporation (TSTDC) with its coercive measures, Chairman M R Saravana Kumar of Hyderabad's Industrial Tribunal, who is also presiding over the Employees Insurance Court, directed the ESIC to refund to TSTDC an amount of Rs 60 lakh recovered excessively.

The district and sessions judge pronounced this order after hearing a petition filed by TSTDC against ESIC's Hyderabad Regional Director and also its recovery officer. Under the provisions of the ESI Act, employers have to make regular payments on behalf of their employees to enable the ESIC to attend to their medical needs and also to assist them during their sickness.

According to TSTDC counsel C Niranjan Rao, the APSTDC, which is the original entity, has been asking the State to exempt it from the ESIC payments. But the State had rejected the plea. The corporation has been making the payments to ESIC on behalf of its employees. But a dispute has been running over a 5-year period between 1997 and 2002. No amounts were paid by the tourism corporation to the ESIC for this period. The dues being shown by the ESIC varied between Rs 37 lakh to Rs 88 lakh with interest. The tourism corporation has asked for an interest waiver.

The TSTDC counsel added that in June 2009, the ESIC's recovery officer attached two bank accounts of the tourism development corporation and attached an amount of Rs 61 lakh. The TSTDC's plea to exempt it from ESIC is still pending with the State. "In fact, the ESIC concluded that we have to pay Rs 27 lakh without interest and we paid it too," said Niranjan Rao.

He further said that the ESIC calculated the interest in an undue manner and imposed a whopping Rs 49 lakh as interest on TSTDC. The judge in his order found fault with the ESIC and directed it to repay Rs 61 lakh amount to TSTDC as this money was excessively recovered from TSTDC even after the latter paid Rs 27 lakh dues.

Source

Back

Karnataka High Court reduces third-party insurance to sedan owner – The Times of India – 27th August 2018

A Honda City sedan owner who wanted to recover part of the expenses he'd incurred in getting his car repaired after it collided with a BMTC bus has lost his case. The high court trimmed the third-party insurance payable to the car owner from Rs 75,000 to Rs 6,000 along with interest.

Relying on provisions of the Motor Vehicles Act 1988, Justice R Devdas noted that as per section 147(2), the maximum liability in respect of damages caused to any third party was Rs 6,000, and that the Motor Accidents Claims Tribunal (MACT), Bengaluru hadn't taken into account relevant factors before awarding Rs 75,000 as compensation.

Suhas R Reddy's car had suffered extensive damage after it collided with the bus on March 9, 2009. Suhas claimed compensation under 'own damages' from his vehicle's insurer, Royal Sundaram Alliance Insurance, and was paid Rs 1,18,420.

Subsequently, he moved a claim petition before MACT, seeking thirdparty property damages (TPPD) from United India Insurance, the BMTC bus insurer. Noting that Suhas had spent Rs 1,88,697 for repairing his car, the tribunal directed United India Assurance to pay Rs 70,644 to Suhas and later rounded it off to Rs 75,000.

The United India Assurance Company moved the high court contending that the policy towards BMTC buses covers a limited liability and as per the MV Act, the maximum amount is Rs 6,000. Allowing the appeal filed by United India Insurance Limited, the judge directed the tribunal to calculate the interest at the rate of 6% from the date of the petition till the date of realization.

Source

Back

Opinion

Modicare will provide power of choice to the poor and vulnerable – Mint – 29th august 2018

Indu Bhushan is chief executive officer of Ayushman Bharat-National Health Protection Mission.

Sir Isaac Newton once said: "I shall not mingle conjectures with certainties." While trying to figure out the impact of Ayushman Bharat-National Health Protection Mission on India's healthcare, we should push ourselves beyond such speculations and act in a more certain and timely manner.

A major chunk of India's population is grappling with multiple health conditions requiring urgent medical interventions. The burden of infectious and non-communicable diseases, coupled with accidents and trauma, is yet another challenge for a middle-income country like India. Unfortunately, healthcare services for these conditions are either not available or not affordable, or both.

To the argument of some people on strengthening our health services to meet this gap, instead of allocating resources for demand, side schemes such as Pradhan Mantri Jan Arogya Yojana (PMJAY), we should acknowledge that the public sector provides for only one-third of hospitalized care, and the rest is provided by private hospitals. The government-run health facilities face acute shortage of human resources and infrastructure. The need of the hour is, however, to strengthen the supply-side and make it highly desirable, and it is indeed an ongoing process.

However, achieving the desired supply strength may take decades even with successful programmes such as the National Health Mission. Even developed nations, which are flag-bearers of health system reforms, have taken several decades to get their supply of health care services fall in place.

Moreover, strengthening of healthcare delivery system does not necessarily imply that the benefits will accrue to the neediest and the vulnerable. It warrants a multipronged approach.

Interestingly, studies suggest that people who are better off and have higher paying capacities are the ones who utilize the “free” health services more than those who have lower incomes and are less privileged. This indicates that certain deprived sections of the society shall still be left out if not for a targeted approach.

The private sector treats nearly 70% of ailments, but mainly serves those who have the ability to pay, and this is the major contributor to out-of-pocket health expenses. Demand-side financing is thus more a need than merely a strategy.

Demand and supply-side financing are not mutually exclusive, but rather complementary to each other, and have a synergistic effect on the improvement of health services of any country.

The PMJAY, under the umbrella of Ayushman Bharart, has a special role to play. It will provide power of choice to the poor and vulnerable families through a targeted approach. They can choose to visit either public- or private-empanelled hospitals to get treatment and, thereby, create healthy competition between health care providers.

Source

Ayushman Bharat will certainly prove to be a pro-poor move and will keep all its core promises. Hope floats!

Back

Filing an insurance claim? Keep these tips in mind – Financial Express – 27th August 2018

The writer is former MD & CEO, SUD Life

While we eagerly wait for the monsoon every year, excessive rains can cause severe damage to life and property. Insurance is the only scientific method of ensuring recovery from such disasters, at least in terms of the economic value of the assets lost.

Any person holding policies such as the householder’s policy, house policy, motor policy, etc., may hope to get adequate compensation by way of claims settlement. However, the process is not as simple as one expects it to be on the basis of the face value of the policy. The policyholder has to be very cautious and careful while lodging the claim with the insurer.

Submit details for claims
As soon as the flood recedes, the policyholder has to get hold of his policy document. If the document is not retrievable, then trace the policy number from a soft copy. He should then read the terms and conditions and prepare a list of damages and submit it to the insurer. Care should be taken not to displace or remove such items from the place of occurrence. The normal response of the insurer would be to depute a loss assessor to inspect the affected site or the damaged property. Hence the items should be allowed to be inspected in the as is where is condition.

Insurers have their own yardstick to evaluate the loss caused in such situations. The fine print is the description of exclusions from the cover. The insurers print certain conditions under which the expected claims are excluded. In normal course of transactions while buying a policy, the customer may not be made aware of such exclusions. Policyholders should be very careful while buying a policy and while filing claims. If they are not satisfied with the assessment of loss made by the insurer they need to insist on a review of the assessment before signing the discharge voucher for settlement of claims. One of the major losses suffered by people in urban areas is in respect of motor vehicle.

A comprehensive motor insurance policy does cover losses due to flood, fire, theft, arson, etc. The policyholder should ideally take photograph of the vehicle submerged in water or swept away to another location away from the road and he should furnish that photograph while filing the claim.

He should not try to drive the vehicle or to get it repaired before the representative of the insurer has inspected the vehicle. Under the standard comprehensive policy one should not expect claim against damage to the plastic parts, upholstery, etc., but compensation for entire cost for all mechanical work and concerned replacements must be expected.

If the insurer denies such claims, the policyholder needs to register his dissatisfaction and request for review of the claim amount.

Be patient with procedures

In the situation where natural disaster is on the scale of a catastrophe the insurers also find it very difficult to meet all the expectations of the policyholders in terms of due diligence and prompt settlement of claim.

The difficulties of the insurers also must be understood by the claimants and they need to be a little patient with the official procedures which insurers cannot afford to overlook.

Following the unprecedented flood causing widespread damages in Kerala, Irdai has instructed all insurers to step in to settle claims as soon as possible for those who suffered loss of life and property.

The government has also instructed all life insurers to settle claims in respect of the Jeevan Jyoti Bima Yojana, Suraksha Bima Yojana and the Fasal Bima Yojana without any delay.

The insurers have also been taking proactive actions in this regard. For securing the real value of insurance in such situations, the claimants need to be fully aware of the claim procedure and the claim amount that he is entitled to under the policy that he holds or a deceased relative held on his life or property.

In case one is not satisfied with the amount of settlement of claim one must raise the matter in appropriate forum such as the insurance ombudsman, consumer forum, etc.

Source

A policyholder has absolute right to receive monetary value of the lost or damaged property to the extent of amount of risk cover stipulated under the policy that he purchased for protecting his interests in the event of unforeseen circumstances.

Back

IRDAI Circular

Source

IRDAI has given instructions to Chairman/CEOs of all life insurance companies for relaxation of grace period for payment of renewal premium in the State of Kerala and flood affected districts of Karnataka.

Source

IRDAI issued Circular on Payment of Commission, remuneration, rewards and distribution fees under Long Term Motor Insurance Policies to all insurers, insurance intermediaries, and insurance agents

---

Source

Report of the Committee for review of Insurance Marketing Firm (IMF) Regulations is available on IRDAI website.

Source

Updated list of non-life insurers is available on IRDAI website.

Source

IRDAI issued modified guidelines on ‘items for which optional cover may be offered by insurers’

Global News

Malaysia: General insurance business shows flat growth in 1H – Asia Insurance Review

The general insurance industry registered marginal growth of 0.7% with gross written premiums totalling MYR9.23bn ($2.24bn) in the first six months of 2018 compared to the same period in 2017. In a statement yesterday, the General Insurance Association of Malaysia (PIAM) said that it expects full year growth for 2018 to remain subdued.

In the first six months of this year, Motor remained the largest class of insurance with a market share of 45.6% followed by Fire at 19.2% and Marine Aviation Transit (MAT) at 8.2%. Except for Fire and MAT all classes of insurance grew during this half-year period.

Motor insurance recorded a gross written premium of MYR4.2bn with slower growth of 0.2% for the first half of 2018 compared with 2.1% growth for the same period last year. This was due to weaker consumers' confidence amidst the uncertain economic and political environment prior to the 14th General Election. According to the Malaysian Automotive Association (MAA), the growth in new passenger vehicles for the first half of the year was lower than the same period in 2017 with total new vehicles sales at 289,714.

Fire insurance maintained its position as the second largest class with a gross written premium of MYR1.77bn, despite contracting 0.9%. MAT declined 7.4% with gross written premium reaching MYR0.76bn due to the reduction in the Marine Hull class. Medical and Health insurance (MHI) grew by 7.6% to MYR0.68bn while Personal Accident insurance rose 1.7% to MYR0.62bn. The Miscellaneous Class comprising Bonds, Liabilities, Engineering and Workmen's Compensation recorded an increase of 6.2% with gross written premium at MYR1.20bn.

Motor accidents

Between January and June 2018, the total motor insurance claims incurred by the industry amounted to MYR2.71bn. On average, motor insurers paid out a staggering MYR14.8m per day in property damage, bodily injury and vehicle theft. The number of accidents and road fatalities continues to rise. Based on the statistics published by the Ministry of Transport, a total of 533,875 accidents were recorded in 2017, an increase of 2.4% from 521,466 accidents in 2016 or 9% from 489,606 accidents in 2015. Fatalities stood at 6,740 in 2017. Motorcyclists topped the fatality chart, accounting for more than 60% of the figure every year since 2011.

PIAM chairman Mr Antony Lee said, "Malaysia still has one of the highest accident and fatality rates in the region. One death is one too many and is definitely a tragedy. PIAM is intensifying collaboration with all major stakeholders to reduce road accidents nationwide. It may be possible to reduce national accidents by 20% in the near term and 50% in the longer term if we change our bad driving habits. We need to get serious about enforcement and charging bad drivers higher for their dangerous and irresponsible behaviour on the roads." He added that PIAM looks forward to working closely with all government agencies on a concrete action plan as soon as possible to achieve its target. PIAM had already met the Minister of Transport, YB Anthony Loke, to explore initiatives that would make Malaysian roads safer for all motorists.

Although consumer education on road safety is important, enforcement by the relevant authorities is equally crucial. The Kejara demerit points system is welcomed by the insurance industry as the information on errant and high-risk drivers is useful. With the liberalisation of the motor tariff, information on traffic offenders will help insurers determine the risk profile so that bad risks are recognised while good drivers are incentivised.

On a positive note, motor theft counts declined 31% from 8,560 to 5,913 vehicles for all classes during the period January to June 2018. Meanwhile, the industry has launched more new and innovative products to provide better protection to consumers. As at 27 August 2018, the industry has launched 40 new Motor and 29 new Fire products in the market.

Outlook

PIAM says that the introduction of the Sales and Service Tax (SST) with effect from 1 September 2018 will adversely affect the industry. Insurance and takaful services including general insurance for individuals are among the items listed as taxable at 6% under SST. PIAM will present its position and will be appealing to the Ministry of Finance on the SST introduction and the impact on consumers.

Looking ahead, PIAM expects the operating and business climate to be challenging given the current market conditions. According to a recent study, uncertainty over the new government policies remain one of the top concerns among Malaysian businesses. Policy uncertainty, especially involving economic policy such as taxation, trade and investment, significantly impedes business decisions. PIAM anticipates that full year growth for 2018 will remain subdued.

Source

Back

China: Insurance regulator emphasises reform and curbs on financial risks – Asia Insurance Review

China's banking and insurance regulator has vowed to step up efforts in curbing financial risks and deepening reform and opening-up in the sectors. China's economy has maintained steady growth with good momentum this year, yet new challenges remain given potential financial risks and existing illegal financial activities, according to a meeting of the CBIRC held on 29 August.

The Commission stressed that banking and insurance regulators should strengthen efforts in preventing Internet financial risks and unswervingly curb property bubbles, according to a report by the Xinhua news agency. Since the beginning of the year, the CBIRC has enhanced its supervision over Internet financial risks, especially Internet loans. A total of 1,483 banks and insurance companies were fined CNY1.64bn ($240m) from January to July in 2018.

The Commission also highlighted the importance of strengthening financial services to better serve the real economy while constraining financial risks through deepening supply-side structural reform. It was decided at the meeting to deepen reform and opening-up in the banking and insurance sectors and substantially widen market access.

Banks and insurance companies are encouraged to explore diversified and sustainable financial plans to provide financial services for countries along the Belt and Road, which is China's international economic outreach programme.

Source

Back

South Korea: Govt tightens national health insurance rules for foreigners – Asia Insurance Review

The Health Ministry is pushing a proposal that would restrict Korean National Health Insurance coverage for foreign nationals to those who have stayed in the country for at least six months. The current requirement is three months. Under the proposed changes, to be finalised later this year, only F-5 and F-6 visa holders -- permanent residents and marriage immigrants -- would be eligible to pay insurance premiums equivalent to those paid by Korean nationals. F-1 (visiting or joining family) and F-2 (long-term resident) visa holders would have to pay higher premiums.

The revisions were drafted in response to a number of cases where foreign nationals left the country and never returned, after receiving costly medical treatment covered by the state health insurance programme, reports The Korea Herald. The new proposal also makes national health coverage possible for G-1 visa holders -- those who have been granted refugee status.

Source

Back

Myanmar: State-owned insurer to cover thousands of homes – Asia Insurance Review

Myanmar's state-owned insurer has signed an agreement with a consortium of local and foreign companies to provide insurance to buyers of government-built housing units. The insurance will be available on thousands of housing units, with the government planning to build and sell up to one million homes over the next few decades, reports Frontier Myanmar.

Myanma Insurance signed a memorandum of understanding with Myanmar's Shin Ye Htut Group, which is working with Hannover Re of Germany, Malaysia's International Risk Management Consultants and DIT of Japan. The agreement will enable Myanma Insurance to provide life insurance and fire insurance to buyers of the units, said director general Daw Sandar Oo. Myanma Insurance will reinsure the life and fire policies through Hannover Re.

Source

Australia: Insurance market increasingly dominated by foreign owners – Asia Insurance Review

The changing structure of the insurance industry in Australia, following a wave of M&A activity, has seen increased ownership of Australian insurers by foreign-controlled companies and a reduction in market share held by the largest insurers in the market. In 2017, 47.8% of market share was from foreign-controlled companies, up from 41.4% in 2014. This is driven largely by the sale of 80% of MLC Life Insurance to Nippon Life Japan. Once CommInsure (sold to Hong Kong-incorporated AIA) and OnePath Life (sold to Zurich Insurance) are considered foreign-controlled companies, then the total market share owned by foreign-controlled companies will rise to 66%, says KPMG in its Life Insurance Insights report.

In 2017, the top three insurers (AMP/ AXA, TAL and Challenger) held 32.4% of total market share, down from 35.1% in 2014 (AMP/AXA, MLC and CommInsure). The continued introduction of global insurance specialists in Australia is expected to drive greater innovation and efficiency in the sector, applying increased pressure to long-standing domestic players.Challenger, TAL, Metlife, Swiss Re and AIA have led the growth in insurance premiums over the past four years, with Challenger being the only domestically-owned insurer amongst this list, and positioned successfully as the retirement income specialist.

This contrasts with the leading, domestically owned life insurers – AMP/AXA, CommInsure, OnePath and Westpac/St George which have lost market share relative to their international competitors over the same period.

Channel mix

From an operating model perspective, the current wave of M&A activity is expected to change the distribution channel mix. The dismantling of vertically integrated models, with less product delivery through aligned dealerships, will result in greater distribution being provided by independent advisory groups. Strategic long term bancassurance alliances are aimed at improving the performance of the bancassurance channel, the report says.

New products

As global competitors become entrenched in the Australian insurance market, new international products are expected to be released to Australian customers. There will likely be increased pressure on domestic operators in product innovation and the speed-to-market of new products. As global insurance specialists invest more heavily in technology and subsequently introduce more innovative product offerings, domestic operators will be forced to innovate in order to optimise their current service offerings and systems, and maintain market share. New and innovative digital channels and product lines can be expected to address new customer segments, driving longer term growth in the market.

Source

Back

South Korea: Non-life sector posts 17% fall in 1H2018 profits – Asia Insurance Review

South Korea's non-life insurers saw their combined net profit fall by 17% during the January to June period this year compared to the previous year, hit by the increased losses in insurance operations, in particular, in motor insurance.

The combined net profit of the local non-life insurance companies in the first half of this year amounted to KRW2.1trn ($1.9bn), reports Pulse News citing data from the Financial Supervisory Service.

The fall was mainly attributable to the rising losses from underwriting operations, including general, auto and long-term insurance, that surged by 48% to KRW1.1trn. Their combined profit from investments rose by 8.3% to KRW4.03trn over the same period.

The non-life insurers saw their motor insurance business swing to the red in 1H2018 with a combined operating loss of KRW3.1bn, due to the increased insurance payouts amid unusual heavy snow and cold wave in February.

Industry watchers predict the auto insurance business would suffer a growing loss in the second half as well, due to an increased number of vehicle accidents amid the unprecedentedly long scorching heat that hit the country during the summer.

Source

To offset anticipated losses, non-life insurance companies are expected to hike motor premiums later this year.

Australia: Life sector grows steadily – Asia Insurance Review

Australia's life insurance sector continues to grow steadily, with gross policy revenue increasing by 6.6% to A$24.7bn ($18.1bn) in the 12 months to 31 March 2018, says KPMG's Life Insurance Insights Report 2018. This equates to 1.4% of Australia's GDP.

Based on premium volumes, the life insurance industry is now of comparable size to health insurance and about half the size of the general insurance sector. The report points out that A$14.8bn of benefit payments were paid out to policyholders and super fund members. By contrast, just A$2.2bn went in profits to shareholders.

Risk product profitability, a key indicator of the industry's health, bounced back to a more normalised level in 2018, earning A$1,307m, up more than double on a disappointing performance last year. KPMG's study confirms the growing role played by reinsurers in this market, with the level of reinsurance increasing from 23% to 30% over the past five years.

Source

Back

Japan: Govt to prop up ailing health insurance societies – Asia Insurance Review

The Ministry of Health, Labour and Welfare is seeking JPY3bn ($27m) in the fiscal year starting 1 April 2019 (FY2019) to help prop up health insurance societies covering employees of major companies and prevent them from disbanding, reports The Mainichi.

If health insurance societies for employees of major businesses are disbanded, the policyholders will be transferred to the Japan Health Insurance Association, which is subsidised by the national government. The more the number of such organisations is dissolved, the greater the financial burden the central government must bear to support the Japan Health Insurance Association.

Health insurance organisations for employees of big companies, among others, rely solely on insurance premiums paid by their policyholders, since taxpayers' money is not injected into these organisations as a general rule.

Many of these organisations struggle financially, and nine of them disbanded in FY2017. The number of health insurance societies for employees of major businesses, which stood at 1,518 in FY2007, has decreased to 1,389 organisations in the current fiscal year. A health insurance society for employees of a cooperative has decided to dissolve itself by the end of this fiscal year.

Many of these organisations have stopped subsidising thorough medical checkups for their members and providing counselling about health in a bid to balance their budgets.

Health insurance societies contribute nearly half of their income from premiums to support the medical care system for the elderly, which is one of the causes of their financial difficulties. However, the Health Ministry suspects that there are some societies that have management problems.

The Ministry will also require health insurance societies to submit their management plans. It will select health insurance societies for the proposed assistance programme by examining their premium rates, medical service expenses and the age composition of their policyholders.

Source

Back