भारतीय बीमा संस्थान
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INSUNEWS

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QUOTE OF THE WEEK

"The difference between a successful person and others is not a lack of strength, not a lack of knowledge, but rather a lack of will."

Vince Lombardi

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Group Policy

Definition: Group policy provides coverage to a group of people which can be a professional group like employee-employer group or an informal group.

Description: Group policy provides coverage at a lower cost per person in the group. Therefore a group policy is more affordable than an individual policy. Group policy comes with certain constraints both for insurer and participant. If the participant wishes to leave the group, his/her coverage might be ceased. The insurer is required to disclose all kinds of charges, premium rates and premium discount to all members of the group.

Source

INSURANCE REGULATION

Irdai issues draft norms on wellness services in health insurance products - Business Standard – 8th November 2019

The Insurance Regulatory and Development Authority of India (Irdai) on Thursday issued draft guidelines on the wellness and preventive features in health insurance products to enhance the scope of services offered.

It said that the wellness and preventive features shall be designed only with the objective of maintaining good health and improving it, and that insurers should factor in the pricing impact of the wellness and preventive features offered and disclose the same in the 'File and Use' or 'Use and File' application.

Further, the insurer should take into account the cost towards wellness services while pricing the underlying health insurance product, and the price factored in should be disclosed in all insurance advertisements where wellness features are promoted.

(The writer is Subrata Panda.)

TOP

Source

Insurance Rules change 2019: No cap to foreign equity investment for intermediaries – Financial Express – 6th November 2019

Indian Insurance Companies (Foreign Investment) Amendment Rules, 2019: The Insurance Regulatory and Development Authority of India (IRDAI) has shared Indian Insurance Companies (Foreign Investment) Amendment Rules, 2019 on its website. The amended rules, which were notified by the Department of Financial Services of the Ministry of Finance on September 2, 2019, remove the cap on foreign equity investment in insurance intermediaries. It has changed Rule 9 of the Indian Insurance Companies (Foreign Investment) Rules, 2015, which had put a cap of 49 per cent on foreign equity investment for intermediaries. The new rules say: “There shall be no cap to foreign equity investment for intermediaries or insurance intermediaries.”

As per the new rules, Foreign Direct Investment (FDI) will be allowed under the "automatic route" after verification by the authority. Also, foreign investment in intermediaries or insurance intermediaries will be governed by terms of the rules of 2015. For banks allowed to function as an insurance intermediary, there is no change in the foreign equity investment caps. Banks in insurance business must have non-insurance related revenue above 50 per cent of their total revenue in a financial year.

"The foreign direct investment proposals under this rule shall be allowed under the automatic route subject to verification by the Authority and the foreign investment in intermediaries or insurance intermediaries shall be governed by the same terms as provided under rules 7 and 8:

"Provided that where an entity like a Bank, whose primary business is outside the insurance area, is allowed by the Authority to function as an insurance intermediary, the foreign equity investment caps applicable in that sector shall continue to apply, subject to the condition that the revenues of such entities from the primary (non-insurance related) business must remain above 50 per cent. of their total revenues in any financial year," new rules say.

What Indian Insurance Companies (Foreign Investment) Rules, 2015 said

"The foreign equity investment cap of 49 per cent shall apply on the same terms as above to Insurance Brokers, Third Party Administrators, Surveyors and Loss Assessors and other insurance intermediaries appointed under he provisions of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999).

"Provided that where an entity like a Bank, whose primary business is outside the insurance area, is allowed by the Authority to function as an insurance intermediary, the foreign equity investment caps applicable in that sector shall continue to apply, subject to the condition that the revenues of the entities from their primary (i.e. non-insurance related) business must remain above 50 per cent of their total revenues in any financial year. "

(The writer is Rajeev Kumar.)

TOP

Source

Insurance Claim Settlement: IRDAI wants loss limit above Rs 1.5 lakh for appointing surveyors; here's why – Financial Express – 1st November 2019

Insurance surveyor appointment rules change – (IRDAI (Insurance Surveyors and Loss assessors) (Amendment) Regulations 2019 (Draft): In a bid to facilitate wider participation of the younger generation for appointment as insurance surveyors, the Insurance Regulatory and Development Authority of India (IRDAI) has decided to streamline the existing regulatory framework. The insurance regulator has released draft IRDAI (Insurance Surveyors and Loss assessors) (Amendment) Regulations 2019, inviting comments from all stakeholders before November 21.

Talking about the need for amendments, the regulator said Thursday," Claim payment is the moment of truth and the insurance surveyor and loss assessor plays a pivotal role in assessing the losses in case of general insurance claims… in an attempt to facilitate wider participation of younger generation to become surveyors, to meet the varied professional requirements of general insurance market and to rationalise the licensing requirements, it is felt essential to streamline the regulatory framework through amendment."

Proposed Amendment:
The draft regulations propose several changes in the Insurance Regulatory and Development Authority of India (Insurance Surveyors and Loss Assessors) Regulations, 2015. For appointment of surveyors, IRDAI has proposed to enhance the loss limit to above Rs 75,000 in Motor insurance, and above Rs 1.5 lakh in other than Motor insurance cases.

The existing rules say, "Surveyors and Loss Assessors shall be appointed either by insurers or insured to assess loss under a policy of insurance in respect of (a) Motor insurance – above Rupees fifty thousand (b) Other than motor insurance – above Rupees one lakh." With the amendment, the IRDAI wants to raise these limits to above Rs 75,000 and above Rs 1.5 lakh respectively.

Talking about the rationale for increasing this limit, the IRDAI says, "The limits to assess loss under a policy of insurance in respect of Motor insurance and other than Motor insurance needed a review as per Regulations. The enhancement of limits for small claims will help to utilize the manpower available within the insurance company for survey work up to the loss limits so that such small claims are settled expeditiously."

Currently, the rules mandate that existing limits for appointment of surveyors shall be reviewed every three years by the Authority. The draft rules propose to make this review from time to time, instead of three years.

Other proposed amendments:

- *To do away with practical training requirement with surveyors and instead, introduce, an examination of high quality based on relevant syllabus with practical orientation in the content. The syllabi shall be prepared by the Institute/s recognized for the purpose.*
- *Rationalizing the documental requirements for licensing and renewal through optimum online processing;*
- *Revise the applications forms, formats, in line with the proposed changes;*
- *Revise the fees;*
- *Modify the Duties and Responsibilities of Surveyors suitably, including revision of the time-lines for submission of survey report in order that they are aligned with those stipulated under IRDAI (Protection of Policyholders' Interests) Regulations 2017;*
- *Revise the chapter on IIISLA;*
- *Define the Code of Conduct for in-house surveyors, with a few additions, dealing with the aspects of conflict of interest;*
- *Expand the obligations of insurers in utilization of surveyors and monitoring their performance and*
- *Introduce transitory provisions (new regulations to be applicable on prospective basis only and not applicable for the existing licensed Surveyors or those who have already enrolled as Students)*

(The writer is Rajeev Kumar.)

Source

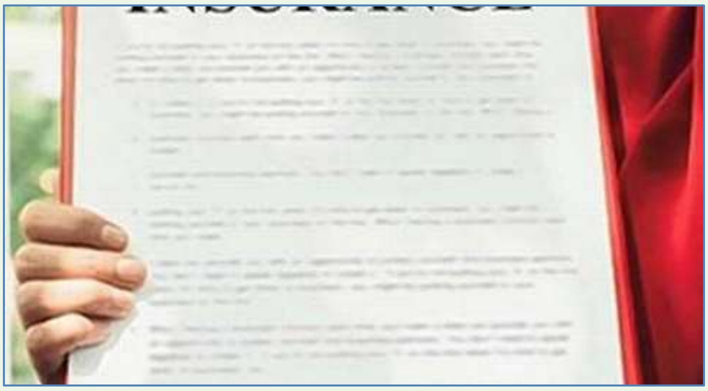
TOP

LIFE INSURANCE

How to revive your lapsed life insurance policy - The Hindu Business Line – 6th November 2019

To offer some respite to policyholders, LIC recently announced a facility to revive life insurance policies that have remained lapsed for over two years. This is important, because your life insurance policy will only come in handy to meet your family's financial needs in your absence, if premiums are paid regularly.

If the premium dues are left unpaid over a long period of time, the policy lapses and loses all or part of its benefits. This means, until the premium dues are settled, along with penalty levied by the insurance company, the policyholder would not have the benefit of a full cover, in case of an eventuality.



So, if your policy has lapsed, it may be wise to revive it. But the maximum time limit allowed for reviving a policy is two years (from the first unpaid premium). Hence, if your policy has lapsed for more than two years, you may not be able to revive it.

LIC's new measure will be available for policies purchased after January 1, 2014. A traditional, non-linked policy which has lapsed can be revived within five years of the first unpaid premium while a unit-linked policy can be revived within three years.

It is possible that many other life insurers follow suit and allow you to revive a policy even after the two-year threshold.

In this context, what are the procedures to be followed for reviving a policy? Will the benefits remain the same? Can an insurer reject your policy while reviving?

We help you find answers.

Revival time
Across all insurance policies, if a policyholder defaults on premium payment, a grace period is allowed without any penalty. This is for 15 days if your premium payment is on monthly basis and in other cases (quarterly, half-yearly and annual) the grace period is 30 days.

If your premium is unpaid beyond the grace period, interest or penalty is charged as late fee from the date on which your premium became due. The penalty charges vary with each insurer. For instance, Bajaj Allianz Life's Guaranteed Income Goal policy charges 10 per cent per annum compounded half-yearly as revival interest. LIC charges interest of 9.5 per cent per annum.

At the time of revival
If you have decided to revive your policy, remember the discretion lies on the insurer to revive the policy. While rejection of policy is very rare, you as a policyholder may have to undergo medical examination. This is for the insurer to check if you have developed any illness, during the lapsation period. The premium will be charged accordingly but the benefit of the policy will remain the same.

If you are unable to revive your policy, the policy either lapses or benefits of the policy gets reduced and it would continue in this status until maturity or death of the policy holder.

In case of policies with investment benefits, the policyholder may get back the surrender value. But for this, the insured should have paid premium for a minimum period of time.

How to revive
Policyholders can revive the policy with the insurer directly by paying the interest charges for late payments. Insurance companies usually send a premium reminder through mail or message or both.

You can also call your insurer's customer care to find out about the revival procedures.

(The writer is Bavadharini K S.)

TOP

Source

How to understand and read benefit illustration before buying a life insurance policy - The Economics Times – 6th November 2019

Have you ever asked the insurance sales agent to show you the policy benefits illustration while buying a life insurance policy? The 5-10 page life insurance benefit illustration is aimed at helping you understand how the return on your policy money/amount of investable portion of premium is computed.

You must know that it is the investable portion of the premium that earns the return and not the total premium which you pay. So, when you pay premium for an insurance policy, several charges are deducted towards mortality, GST, fund management charges (FMC) if any, etc., and only the balance premium gets invested.

The benefit illustration basically shows how returns on the money invested will be earned/calculated.

The projected investment rate of return shown in the benefit illustration can be guaranteed as well as non-guaranteed. Therefore, you should read it carefully.

1. How to understand whether the rates of return(s) are guaranteed or non-guaranteed
A guaranteed rate of return on your investment means that the investment will grow as shown and the insured will receive the invested amount as stated in the benefit illustration. Also, if the life insurance policy offers guaranteed benefits, then it is clearly marked as 'guaranteed' in the benefit illustration table.

On the other hand, the non-guaranteed projected rate of return on your investment is dependent on the performances of the investments, therefore, the rate is assumed in the policy benefit illustration.

Rakesh Goyal, Director, Probus Insurance brokers said, "Usually, a policy benefit illustration will show guaranteed and non-guaranteed returns. The death benefits and other guaranteed returns, as mentioned, are real. Whereas, the non-guaranteed returns are variable as they are a reflection of the projected investment rate of return based on the assumption of 4 percent per annum and 8 percent per annum on investment."

The regulator has standardised the projected rates of return on the invested amount which are to be taken in the benefit illustration to show projected investment growth throughout the term of the policy. These assumed rate of return (gross yield) show how the fund grows after deducting all the charges.

C S Sudheer, Founder & CEO, IndianMoney.com said, "You must remember that the published gross yield to project investment growth in the benefit illustration is not a true reflection of the rate of return as it excludes mortality cost, Good and Services Tax (GST) and costs for offering a guarantee if any."

What you must know
a) In a benefit illustration, gross yield is calculated as a percentage (8 percent and 4 percent) based on the portion of premium invested on a year-on-year basis and the net yield is calculated as a certain percentage on the maturity amount.

As per the regulator, for insurance policies with term above 10 years, the net reduction in yield should not be more than 2.25 percent at maturity. And for insurance policies with term less than or equal to 10 years, the net reduction in yield should not be more than 3 percent at maturity.

For instance, if you take a policy for a term of more than 10 years, the post-cost return on the maturity will be at least 5.75 percent at an 8 percent per annum gross return/yield.

Also, the net reduction in yield does not factor in/take into account the mortality charges, which can eat into your investments at higher ages and sum assured, taxes and costs of guarantees, if any.

Therefore, in reality, the post-cost return on the investible portion of the premium paid will be calculated on the basis of net yield. So, when you read the benefit illustration make sure you know how much net yield has been calculated on your invested amount. The calculation of net yield is mentioned in the policy benefit illustration table.

Particulars	Projected investment rate of return (percentage)
Gross Yield	8 (non-guaranteed return)
Net Reduction in Yield (This excludes reduction due to GST, mortality charges, morbidity charges, rider charges and guaranteed benefit charges, if any)	1.19
Net Yield (This excludes reduction due to GST, mortality charges, morbidity charges, rider charges and guaranteed benefit charges if any) *	6.81
Net Yield (This includes GST at 18% and all charges) *	6.55

* The yields shown above do not take partial withdrawals into consideration.

Since the net yield is derived from gross yield in the policy benefit illustration, it is also not real. However, it will give you a fair idea of how much net return you will earn on the gross return actually earned on the investible portion of the premium paid.

This is how net yield calculation in a policy benefit illustration table is shown

Sudheer said, "In the case of assuming return at 8 percent per annum, if the policy illustration shows net yield as around 6.5 percent, then the impact of charges is 1.5 percent. This means that charges have eaten into gross returns lowering the net yield. Higher the charges, lower will be the net yield."

b) The insurance sales agent cannot assume any rate of return on their own to show you exaggerated investment projection at the time of selling an insurance policy.

Make sure that they are showing you the standard benefit illustration prepared by Irdai mandated actuaries (professionals dealing with the measurement and management of risk and uncertainty involved in the policy) of the insurance company.

2. How to read insurance policy benefit illustration

All life insurance benefit illustrations broadly show details of an insured person, life insurance product features (such as policy term, the sum assured, premiums to be paid - policy term, mode of payment, etc.), investment options and policy riders, if any, on the top of the benefit illustration guide. If you opt for a unit-linked insurance plan (ULIPs), the benefit illustration clearly states: "The investment risk in the investment portfolio in the policy is borne by the policyholder."

Personal Details		Product Features		Investment Options	
Name of the life insured	ABC	Policy term	15 Years	Secure fund	0%
Age of life insured at the inception of the policy	28 Years	Premium paying term	15 Years	Balanced fund	80%
Gender of the life insured	Male	Premium payment mode	Monthly	Growth super fund	0%
Name of policyholder	ABC	Modal premium	Rs 3,000	Growth fund	0%
Age of policyholder at the inception of the policy	28 Years	Annualised premium	Rs 36,000	High growth fund	20%
Gender of policyholder	Male	Sum assured of the base policy	Rs 3,60,000	Dynamic fund allocation	No
Policyholder residential state	New Delhi	Life cover multiple	10 time of Sum assured	Death benefit option	As applicable

Here is a sample of a life insurance benefit illustration
XYZ Savings insurance plan
Date of Illustration - 21/10/2019

Further, the benefit illustration clearly shows how the total premium paid per year is directed/used towards investment, charges and GST of the life insurance plan each year separately in different columns. This way you will know how much amount is invested, paid for charges and left (fund value/wealth creation) at the end of the year.

The following table provides year-by-year statements of *various charges and benefits over the duration of the policy with the assumed rate of return as mentioned:*

General Details		Premium Details	Charges & GST Details - Scenario 1 (Gross Yield: 8% pa) Part 1								
Policy Year	Age of life Assured	Annualised Target Premium	Premium Allocation charge	Amount Available for Investment (out of premium)	Policy Admin Charge	Mortality/ Morbidity/ Rider Charge	FMC	Total Charge	GST	Fund Value (before FMC)	Fund Value (End of year)
1	28	36,000	0	36,000	0	276	219	495	89	36,978	36,937
2	29	36,000	0	36,000	0	251	643	894	161	76,426	76,343
3	30	36,000	0	36,000	0	220	1,095	1,314	237	1,18,515	1,18,386
4	31	36,000	0	36,000	0	190	1,577	1,766	318	1,63,419	1,63,241
5	32	36,000	0	36,000	0	155	2,091	2,246	404	2,11,329	2,11,099
6	33	36,000	0	36,000	0	114	2,640	2,754	496	2,62,450	2,62,165
7	34	36,000	0	36,000	0	68	3,225	3,293	593	3,17,002	3,16,657
8	35	36,000	0	36,000	0	16	3,850	3,866	696	3,75,217	3,74,809
9	36	36,000	0	36,000	0	0	4,516	4,516	813	4,37,294	4,36,818
10	37	36,000	0	36,000	0	0	5,227	5,227	941	5,03,468	5,02,920
11	38	36,000	0	36,000	0	0	5,985	5,985	1,077	5,74,009	5,73,385
12	39	36,000	0	36,000	0	0	6,792	6,792	1,223	6,49,205	6,48,499
13	40	36,000	0	36,000	0	0	7,653	7,653	1,378	7,29,364	7,28,571
14	41	36,000	0	36,000	0	0	8,570	8,570	1,543	8,14,812	8,13,927
15	42	36,000	0	36,000	0	0	9,549	9,549	1,719	9,05,900	9,04,915

FMC means Fund Management Charges

The benefit illustration also has a column which shows the surrender value if you choose to opt-out at different time periods. Goyal said, "Surrender value is an important number. Generally, surrender costs are expensive in most life insurance policies, and one should avoid surrendering the policy." The death benefit is clearly calculated/mentioned in a separate column.

General Details		Premium Details	Scenario 1 (Gross Yield: 8% pa) Part 2				
Policy Year	Age of life Assured	Annualised Target Premium	Partial Withdrawal (End of year)	Surrender Value (End of year)	Death Benefit (End of year)	Maturity Benefit	Commission, if payable
1	28	36,000	0	34,389	3,60,000	0	0
2	29	36,000	0	74,644	3,60,000	0	0
3	30	36,000	0	1,17,112	3,60,000	0	0
4	31	36,000	0	1,62,392	3,60,000	0	0
5	32	36,000	0	2,11,099	3,60,000	0	0
6	33	36,000	0	2,62,165	3,60,000	0	0
7	34	36,000	0	3,16,657	3,60,000	0	0
8	35	36,000	0	3,74,809	3,74,809	0	0
9	36	36,000	0	4,36,818	4,36,818	0	0
10	37	36,000	0	5,02,920	5,02,920	0	0
11	38	36,000	0	5,73,385	5,73,385	0	0
12	39	36,000	0	6,48,499	6,48,499	0	0
13	40	36,000	0	7,28,571	7,28,571	0	0
14	41	36,000	0	8,13,927	8,13,927	0	0
15	42	36,000	0	9,04,915	9,04,915	9,04,915	0

The Part 1 and Part 2 of Scenario 1 is only an illustrative document. The benefits if guaranteed, are clearly marked so. For variable benefits, the assumed investment growth rate of 8 percent is used only as an illustration.

Similar to the above table there will be another table in the benefit illustration which will provide investment projections with rate of return assumed at 4 percent per annum.

This way, the benefit illustration of life insurance plans shows how the investable portion of your premium paid grows during the policy period. You also get an idea of how the charges are applied at various stages during the policy term.

It is basically a year-by-year summary of the costs and benefits of the life insurance plan. Thus, you can assess the impact of the cost of the life insurance plan on your corpus each year and hence, you can make an informed decision on increasing/decreasing premiums and sum assured to meet specific financial goals.

(The writer is Navneet Dubey.)

TOP

Source

How to discontinue your life insurance policy–The Hindu Business Line – 5th November 2019

Did you buy insurance on the persuasion of a niggling neighbor who is an insurance agent and now want to discontinue it? Well, you can do that, but it is better to convert it into a ‘paid-up’ policy rather than stopping premium payment and letting the policy lapse.

In endowment plans (insurance plans that come with a savings component and a lump sum payment on the policyholder surviving the term), if you want to discontinue before the end of the term, there are two options: Convert it into a paid-up policy and continue to enjoy the risk cover, or surrender and completely exit the policy.

Here, we explain both options and the pros and cons:

Paid-up policy

A paid-up policy lets you enjoy the insurance cover even after you stop paying the premium. The sum assured will be paid on your death to your nominee and if you survive the term, you will be eligible to receive the maturity proceeds at the end of the term.

However, note that when a policy becomes paid-up, benefits reduce. The maturity proceeds (as also death SA) will be reduced by multiplying it with the ratio of the premiums paid to the premiums payable. The bonus accumulated will be paid at the end of the policy term, but will be proportionately reduced. Also, no fresh accumulation of bonus will happen from the time the policy becomes paid-up. Till recently, to convert your policy into a paid-up policy, you should have paid premium for a minimum number of years, says a HDFC Life spokesperson.

If the premium payment term is less than 10 years, you should have paid at least two full years’ premium; where the premium payment term is 10 years or more, you should have paid premium for at least three years.

Good news is that under the recent IRDAI’s Non-Linked Insurance Products Regulations, 2019, the minimum number of premium payment required to be done for a policy to be eligible to be converted into paid-up policy has been reduced to two years for all plans regardless of the premium payment term.

A unit-linked insurance plan (ULIP), which is a type of endowment insurance, can also be converted into a paid-up policy. Here, policyholders, however, need to have stayed put for the entire lock-in period of five years to be eligible to convert it into a paid-up policy. Note that in case of ULIPs even after the policy becomes paid-up as the fund continues to remain invested, charges such as fund management fee will continue to be levied. (In non-linked plans, there is no charge deduction once policy becomes paid-up.)

Surrender

If you don't like to stay with the policy, you can surrender it. Once a policy is surrendered, it terminates. The life cover and other benefits from the policy cease with immediate effect.

In the case of surrender, too, however, you should have paid premium for a minimum number of years, says Akshay Vaidya, Business Head, Term Insurance, Policybazaar.com.

In ULIPs, it is five years. On surrender, any time after five years, the fund value is paid out and there is no charge for pre-mature exit. In non-linked plans (traditional life insurance), surrender is allowed after two years. Surrender charges are heavy.

The Insurance Regulatory and Development Authority of India (IRDAI) specifies the minimum surrender value that insurers should pay their policyholders. However, there will be a loss of at least 50 per cent of the premium if a policy is surrendered in the initial years.

The guaranteed surrender value when a non-linked policy is surrendered in the second year is 30 per cent of the total premium paid (minus survival benefits already paid); if surrendered during the third year of the policy, it is 35 per cent of the total premium paid (minus the survival benefits paid). So, know that it will pinch you hard if you surrender the policy in the initial years. While the surrender value for the initial seven years is fixed by the IRDAI, from the seventh year, it is what the insurer decides, though, it has to get clearance from IRDAI.

What you should do

Once you sign up for an endowment policy, you need to pay premium for at least two years to come out of it without much damage.

Exiting before two years, especially in savings-cum-insurance plans such as money-back policies, will cost you dear. So once invested, pay the premium for at least two years, otherwise, you will not have the option to make it paid-up or surrender it, and only end up burning a hole in your pocket.

On the choice between surrender and conversion into a paid-up policy, the latter is better, as you get to benefit from the continuity of life cover (provided you are not in urgent need of money and can wait till the end of policy).

However, in either case, make sure that you do not have a break in cover. Exit your policy only after you buy another life insurance cover.

(The writer is Rajalakshmi Nirmal.)

Source

TOP

Life insurance helps your loved ones live - The Indian Express – 4th November 2019

Life insurance is one of those common-sense products that come with a number of advantages, and very few drawbacks. That's why millions of men and women take the opportunity to purchase coverage — to protect their loved ones in the event of their own premature death. However, it is not a very popular product in India, at least term insurance. The best product that the industry has does not sell as much as people think it should.

Some die-hards offer interesting reasons why they will NOT buy life insurance. Insurance professionals have listened to them all. Here are the comments — some serious, some tongue-in-cheek — we've heard over the years:

"I don't believe in life insurance!"
Life insurance isn't a religion or political philosophy. It is a financial tool with a proven track record for protecting your loved ones and helping on assuring their financial security. People who believe in providing for their families believe in life insurance.

My take: I still am to hear somebody say "I do not believe in getting claim amounts."

"I want them to miss me when I'm gone!"
Don't we all? However, wouldn't it be nice if they remembered us fondly for having provided the funds to help pay off the mortgage on the house?

My take: KING SIZE EGO EVEN AFTER DEATH!!!

"Why should I make her next husband (his next wife) rich?"
Good point. That's why some people select a structured payout of proceeds. That's also why many people protect their spouse with life insurance. It helps create viable choices for loved ones. My take: Do you expect a 34-year-old widow to close all options? You must be morbid.

"Let the kids work through college, just like I did!"
There are days when, if we have children, we all feel that way. But we don't really mean it. We devote ourselves to helping our children get a good start in life. That means helping them to get a good education. If we die prematurely, our children's lifestyle and dreams could be uprooted. Life insurance can help provide the funds to make sure your children get a good education and a strong start in life. My take: Even if you do not provide for the luxuries, you should provide for the basic education.

"You have to die to win!"
In the event of your death, you lose either way. However, wouldn't it be better to make sure that your spouse and children will be financially provided for? We don't buy life insurance for ourselves. Life insurance is for the living, for those who must continue after we are gone. Besides, if you are fortunate enough to live to a ripe old age, it makes little sense to complain that you didn't get to use your life insurance.

My take: Does it mean if you take car insurance, you want to meet with an accident? This is hogwash. Life insurance is not because you will die; it is because your loved ones will live.

In fact, life insurance is one of those win-win financial vehicles that enable you to accomplish a great deal with very little. It is the ONLY product available that can deliver a guaranteed sum of money (cash flow) to your loved ones at the very moment it is needed the most.

Remember, we don't buy life insurance for ourselves…but for the ones we love. We buy it to provide peace of mind for ourselves and a degree of certainty for our spouse and children. Life insurance helps you meet the commitments and keep the promises you have made to your family.

(The writer is PV Subramanyam.)

Source

TOP

Term plan premiums: A ready reckoner – Mint – 3rd November 2019

Life insurance is not about investing your money to earn a return on it, it's about financial protection for your loved ones. The most efficient way to do that is through a term insurance policy. You pay only for insurance and after the policy term ends, you don't get any money back. But on death during the policy term, it pays a huge corpus to the nominees.

Look at the premium (cost of the plan) and the claims settlement record of the insurer.

We list premium rates for some policies of a sum assured of ₹ 1 crore across three age categories for policy terms of 30, 25 and 20 years. The claims settlement rate is measured by the value of the policies as a lower settlement rate is indicative of high ticket-size policies being rejected.

Name of the insurer	Plan	Premium in ₹ as per age (yrs) of policyholder			Claim settled (%, FY18)
		30	35	40	
Edelweiss Tokio Life Insurance	mylife+ : term	8,496	10,042	12,827	97.78
Bharti AXA Life Insurance	FlexiTerm	8,260	10,384	13,570	96.29
Max Life Insurance	Online Term Plan Plus	8,378	10,384	13,334	95.26
AEGON Life Insurance	iterm	7,497	9,512	12,717	94.56
Life Insurance Corporation of India	e-Term	17,044	21,061	26,597	94.45
Tata AIA Life Insurance	Life Insurance iRaksha Supreme	8,732	10,974	15,104	94.00
Aviva Life Insurance	i-Term Smart	7,886	9,662	12,409	92.25
SBI Life Insurance	eShield	11,092	13,228	16,154	92.13
Canara HSBC Oriental Bank of Comm. Life Ins.	iSelect Term Plan	7,379	8,849	11,464	92.03
ICICI Prudential Life Insurance	iprotect smart	9,740	11,919	15,252	92.03
Aditya Birla SunLife Insurance Co. Ltd.	Online Term Plan	9,522	11,516	14,578	90.51
Exide Life Insurance	Elite Term	9,809	11,680	14,343	89.61
IDBI Federal Life Insurance	iSurance FlexiTerm	9,251	11,257	14,089	89.39
Kotak Mahindra Life Insurance	Kotak e-term Plan	8,968	11,092	14,986	88.88
DHFL Pramerica Life Insurance Co. Ltd.	Flexi E-term	7,734	9,482	12,201	88.68

Date of birth has been assumed to be 1 April in the respective year for each age group; Rates are for a male, non-smoker, Delhi-based; Claims information is for FY2017-18 for individual deaths as per Irdai's Annual Report; In ICICI Prudential and Bajaj Allianz, waiver of premium on disability is included; Sahara Life does not offer pure term plan

Source: SecureNow Insurance Broker Pvt Ltd

SANTOSH SHARMA/MINT

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Source

Insurance AUMs can double in 5 years with digitization - Financial Chronicle – 2nd November 2019

By accelerating digitisation and leveraging next generation technologies, the life insurance sector can double its assets under management to Rs 70 lakh crore and the non-life to Rs 4 lakh crore, finds a study.

According to a study by Boston Consulting Group (BCG) and FICCI, the AUM of life business will grow by a CAGR of 14 to 15 per cent till FY25 and this will double the assets from Rs 35.80 lakh crore to Rs 70 – 75 lakh crore.

Non-life AUM too is expected to grow by 15 to 16 per cent from Rs 1.7 lakh crore to Rs 3.85 – 4.15 lakh crore in the next 5 to 6 years. The new annualized business premiums of life insurance sector and gross premiums of non-life will also grow at a similar pace.

Digital trends will be a key catalyst for growth and will be at the core of the industry's transformation, finds the study. Insurers will have to drive digital-led transformation across 10 major themes to unlock growth, improve business economics, and deliver superior customer, distributor, and partner experience.

This includes building a customer centric mindset, building bionic distribution by leveraging digital and data as a 'force multiplier' to enhance human interactions improving productivity and quality.

Insurers will have to accelerate process digitization and automation by deploying next generation technologies such as robotic process automation, artificial intelligence and machine learning. They will have to set up 'next generation' technology function as the core of a digital-led model and rewire business using analytics at scale.

Policymakers and the regulator also will have to play a crucial role in enabling the insurance industry to innovate. They will have to drive reforms in public sector insurance companies, deepen penetration of insurance through social security schemes, help address product-need gaps by enhancing coverage of social security schemes and encourage cross-pollination of product innovation.

The sector will also need policies to attract further capital flow to the industry, encourage innovation, implement robust risk-based capital regime in timely manner and facilitate dynamic underwriting for enabling further product innovation. Most importantly, insurers will have to adapt to the fast evolving reality and invest in themselves as well as their partners.

(The writer is Sangeetha G.)

TOP

Source

Millennials guide to buy life insurance – Financial Express – 2nd November 2019

Millennials are many times accused of being a spendthrift as they tend to focus on buying the latest gadgets, accessories and bespoke clothes. For many people, investments are only to set aside some money to save tax under Section 80C of the Income Tax Act. But the younger tech-savvy generation has started to look at investing in life insurance products, but more needs to be done to attract more people to attract towards life insurance, which can help them have financial freedom.

Investing in life insurance is a must for not only millennials but for every individual. There are several products available in the Indian life insurance industry that caters to the need of every individual. If millennials want to invest for a longer duration and are willing to take some amount of risks, they should look at investing in unit-linked insurance plans (ULIPs), if they are risk-averse, the option of investments is endowment plan is also available. But before all these products, millennials should have a term plan.

Suppose, a 25-year-old who has just started his career, will opt for either term plan or endowment plans with very low coverage, as there is no liabilities and many times one can't afford high premiums at an early stage of their career. But few years down the line, he gets married and later has a child, so his life insurance needs also changes and can look at the money-back plans.

Typically, 25 years should have a term cover which will be two or three times their annual salary or have endowment plans which will be lower life cover. Typically, people buy term plans of 10 times of their annual income. But I would suggest that a term plan should be based on their age factor. For example, if a 25-year-old is earning Rs 10 lakh per annum, in basic term should have a term plan of Rs 1 crore (10 times of annual income). But I advise that they should have term plan Rs 3.5 crore as they still have to work for another 35 years.

So, it's better to have term plan based on his age rather than going just by having a term plan of 10 times of their annual income. Nowadays, there are plans which gate coverage for 100 years also, this can be used for estate planning.

It's important for millennials to understand the importance of life insurance. But at the same time, I would say that more needs to be done from the insurance industry to attract them towards life insurance. In the last few years, with the adoption of technology, many people buy insurance online. However, we still have to make them understand about the values of insurance and how it can benefit them in the long run, and not just as a tax-saving tool. More needs to be done on the technology front as it becomes easy for millennials to compare product features, prices, reviews and buy the policy immediately.

Investors should first decide how much cover they want and how much risks they are willing to take. They should visit the insurance web aggregators and compare the products of similar categories. They should look at claims ratio, waiting period, inclusions and exclusions before choosing the policy. They can look at investing in endowment plans, ULIPs or money back plans.

Endowment plan is a simple life insurance policy which covers the life of insured and helps them to save regularly. If the insured dies when the policy is in force, he will get the sum assured amount. If he survives, he gets the maturity amount. While in ULIPs he gets exposure of equity markets and is for a longer duration. It gives those returns as well as life cover.

(The writer is Rakesh Goyal.)

Source

TOP

GENERAL INSURANCE

PSU general insurance companies seek capital infusion ahead of merger - Business Standard – 6th November 2019

Public-sector general insurance companies which are slated to be merged have urged the government for fund infusion before the amalgamation.

According to top officials of two public sector general insurance firms, the companies in their communication with the department of financial services have highlighted the need for immediate recapitalization in order to maintain the regulatory solvency ratio and wipe out losses.

According to rough estimates, the need for immediate recapitalization is at least Rs 2,000-3,000 crore in each of the companies, while the collective requirement is close to Rs 12,000-13,000 crore.

Oriental Insurance posted a net loss of about Rs 142 crore in the first quarter of this financial year. At the end of Q4 of the previous financial year, its solvency ratio stood at 1.57. United India Insurance's solvency ratio stood at 1.52 at the end of last financial year, although it was profitable. National Insurance's solvency ratio stood at 1.55, and its net losses touched Rs 2,170 crore. Data for United India Insurance and National Insurance for the current financial year is not yet available.

In the February 2018 Budget, the government had announced a plan to merge three public sector general insurance firms—National Insurance, United India Insurance and Oriental Insurance. Subsequently, it planned to list the merged entity on the stock exchanges. However, there has little progress on the merger since, even as the financial health of the firms deteriorated in terms of losses, falling market share and poor solvency ratios.

A few months back, the three companies had appointed management consultant firm EY to draw a roadmap for merger.

EY has recommended that National Insurance, United India Insurance and Oriental Insurance be merged by December 2020, or within 18 months starting July. The insurance companies are expecting fund infusion by April 2020.

The three sets of challenges identified are integration of work culture, rolling out common software, and rationalisation of branches. In total, the three insurers have close to 6,000 offices across the country. In fact, in some metros, all three firms have offices in the same areas.

The merger might not lead to mass layoffs or voluntary retirement as all three firms have had an optimal workforce the past couple of years. Since the merger was announced in 2018, there has hardly been any new recruitment in the companies.

The market share of National Insurance, Oriental Insurance, United India Insurance and New India Assurance fell below their private peers for the first time in the last financial year.

(The writer is Namrata Acharya.)

Source

TOP

Why your smartphone, too, needs an insurance policy – Financial Express – 5th November 2019

Not only is India one of the biggest smartphone markets, but Indians are also richly invested towards accessorising their phones with unique phone cases, headphones, power banks, etc. As per a recent report, the market for mobile phone accessories is projected to garner $3.54 billion by the end of 2024, growing at a CAGR of 10.5% over the period.

The biggest factor contributing towards this is the rising young population who use accessories such as phone cases as a style statement to differentiate their phones from their peers'. The protective screen guard is also a top choice since we all are aware of the costs associated with a damaged screen. While at this, the e-commerce sector has also introduced mobile insurance policies, which at nominal prices, compensate for the loss incurred due to any accidental means such as theft, screen damage, water damage, etc.

There are, however, other policies that are of utmost importance for your cellphones:

Extended warranty policy

While most manufacturers offer a single year warranty, an extended warranty helps take this cover beyond this period to up to three years. This typically helps service the customer in case of any warranty related issues, using service partners. Such an extended warranty policy is relevant even more so because of the several budget friendly smartphones setting base in India. Customers buying this cover can be rest assured that any eventuality arising out of manufacturers defect can be covered. However, one must note, this does not cover theft, burglary or accidental physical damage since it is an extension of the manufacturer's warranty.

Individual cyber insurance

Earlier, theft of your wallet/ purse was a concern. But today it's been replaced with digital worries such as criminals digitally breaching into social media accounts, spoofing identity, ruining social image, or stealing bank details whilst an online transaction is underway through your smartphone. A cyber-insurance policy covers you against all such modern day evils such as loss of funds to online fraud, identity theft, cyber stalking, phishing, cyber extortion and malware attack.

List cell phones in home insurance

A good home insurance cover will offer an all-risk cover for your mobile phone, with an option of covering it with a worldwide cover. By its definition itself, this all risk cover will cover your phone for any eventuality including accidental physical damage, theft, burglary, etc.

General insurance offers a gamut of solution that range from health to home to motor insurance policies. Having adequate insurance protection is definitely one of the best forms of investments. The insurance industry hence wants the millennials to understand and equip themselves with this protective gear.

Mobile insurance seems to be the best way to reach out to this clientele and make them privy to the benefits of investing in insurance as a protection against unforeseen financial losses to mobile phones. This way you would consider it to be the best accessory not only for your mobile phones but also for other prized assets that you own.

(The writer is Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance.)

TOP

Source

Enhancing insurance coverage for bank deposits - The Hindu – 5th November 2019

Denying people the right over their hard-earned money is a colossal hazard for the financial system

When word got out about the Reserve Bank of India (RBI)'s capping of withdrawals from the Punjab and Maharashtra Cooperative (PMC) Bank at ₹1,000, it did not take long for tragic stories to start pouring in. The death count had risen to three by the time the HDIL angle was discovered. With the Non-Performing Assets (NPA) situation not improving in most banks, the advent of another major crisis brought into focus, once again, the deposit insurance cover provided by the Deposit Insurance and Credit Guarantee Corporation (DICGC), a subsidiary of the RBI.

Most people agree that the insurance limit of ₹1 lakh, set in 1993, needs to be raised to a higher amount, with some suggestions being made to raise it to ₹15 lakh, which will cover 90% of the accounts completely.

But the discussion around deposit insurance must extend beyond the amount of coverage. The lack of DICGC coverage for deposits at NBFCs (many of whom the RBI regulates) and primary cooperative societies is one such aspect. These entities often serve vulnerable sections and their depositors must not be left in the lurch in case of a crisis. Further, customers who want more coverage than the statutory cover on their deposits should be able to purchase this by paying additional premium. This option should be extended directly to banks that wish to increase the coverage of deposits to above the statutory requirements.

Freeze in withdrawal

Another deficiency in the current DICGC cover is that the ₹1 lakh insurance amount only needs to be released if a bank goes belly up. Without liquidation of the bank, no liability accrues on the insurance company to pay such a claim. The flaw in this scheme is obvious today — the 'freezes' in withdrawal directed by the RBI essentially cut the depositor's access to his money. Hence, during such periods, at least the statutory amount should be released. This will go a long way in preventing bank runs, which could be triggered when customers get alarmed about the ability of banks to repay their deposits.

Currently the DICGC charges a flat 0.1% insurance premium on the deposits of banks. However, as suggested by an RBI panel in 2015, premium should be based on differential risk based on the lending practices of the bank, among other things. An SBI report states that 93% of the premium collected by the DICGC in 2018-19 came from commercial banks (public sector: 75%, private sector: 18%), but over 94% of the claims settled (ever since the inception of the DICGC) have been those of cooperative banks.

Clearly, poor governance in cooperative banks has been cross-subsidized by the better-performing commercial banks. The DICGC must draw inspiration from standard insurance practices and charge higher premiums from banks with a past history of higher claims, so that public sector banks (PSBs) — which have made zero claims so far — need not foot the bill for someone else's mistake. This will also provide a level-playing field for PSBs which are often disadvantaged due to tight government control and inflexibility.

Bringing in private insurers

Another possibility that needs to be analysed is that of bringing private sector insurers and re-insurers into the deposit insurance segment, which could drive down premium prices. In FY19, the DICGC collected ₹12,043 crore as premium and settled ₹37 crore worth claims. Clearly, this is a lucrative area for private players who can bring in more accurate risk-based pricing of these policies. And since underwriting such policies entails significant risk-bearing on which the country's economy thrives, it needs to be reinsured by credible entities even beyond traditional re-insurers like Lloyd's of London.

Compared to other BRICS nations, India today has the lowest deposit insurance cover to per capita income ratio, at 0.9 times. Denying people the right over their hard-earned money is a colossal hazard for the financial system, which runs on the trust of depositors. Already, trust in banks could be waning — in FY18, growth in bank deposits fell to a five-decade low.

If the government is serious about formal financial inclusion, the stated objective of flagship schemes like the Pradhan Mantri Jan Dhan Yojana, it must realise that an immediate availability of funds is as important as the insurance coverage of funds to increase the confidence of citizens in the banking system. Hence, it must take purposeful strides in expanding and rectifying the deposit insurance scheme as a safety net of the financial system.

(The writer is America V. Narayanan.)

TOP

Source

5 pointers to check before you opt for a travel insurance – Goodreturns – 4th November 2019

If you are planning to travel outside India anytime in the near future, it is advisable to get a proper travel insurance cover to protect yourself from any unfortunate incidents that could take place on your holiday or business trip.

Depending on the person you are travelling with and the destination, it is wise to do your own research before blindly opting for an insurance cover provided by your travel agent.

Even if you do stick to the insurance cover opted by your travel agent, you should still consider the following points and check if these risks are covered:

1. Destination The insurance cover would have to be higher based on the destination of your visit. For example, if you are visiting countries with a higher cost of living like Singapore or the United States, a visit to the doctor could take a toll on your life's savings without insurance.

2. Consider the age factor One of the biggest risks on a trip is emergency medical care. Getting treated in a foreign country not only has legal complications but could also prove to be very expensive without a health insurance cover.

If you are travelling with a senior citizen, get additional insurance cover that will also appropriately cover their existing medical complications apart from unexpected risks. Check for hospitalisation limits and treatment costs limits set on the cover. It is important to get the right health cover for older travellers irrespective of the duration of your stay.

3. Pre-existing medical conditions If you are travelling with a senior citizen or someone who already has medical complications that he/she is being treated for, it is important to disclose it to the insurance company and get the appropriate cover. Generally, the premium on health insurance covering pre-existing health conditions is higher as the risks are higher.

By not opting for it, you hold the risk of not being able to provide the right medical care at a time when it could be most needed. While you may have a good insurance cover for the person in India, if visa complications or medical conditions do not allow them to fly back to the country, it is useless. Insurance coverage for treatment within Indian jurisdiction won't help cover first-hand treatment required after say a car accident.

Further, your trip could be delayed beyond the visa limit from the medical emergency, causing further complications in flying back to India. Ideally, travel insurances cover OPD medical and dental treatment that should suffice to provide first-aid to the patient before flying them back to their country of residence for full treatment.

You could also carry past medical reports with you to show at the local hospital in the tourist destination to understand the insured person's medical history. If the person is on existing medications, the reports and prescriptions could also be helpful at the security check done at an airport.

4. Purpose of the visit If it is your child travelling to a foreign destination for a school/college trip or if your spouse is visiting an exotic location for surf training, the purpose of the visit will decide the risk that the insured will be exposed to and for how long.

One could fall sick from the change in climate or a food allergy or become a victim of theft. Either way, your insurance should cover these possible risks.

If the location holds the risks from an ongoing political turmoil, the traveller should be covered for flight cancellation and associated incidents. If you are planning to travel more than once to the same location, you could ask for annual plans offered by the insurance company.

5. Keep all the receipts
Some insurance companies reimburse your expenses. It is wise to keep the receipts of all your extra expenses incurred from any inconvenience caused.

For example, you could have to spend extra on your holiday due to loss of baggage by the hotel staff or airline staff. You can present these bills to the insurance company for reimbursement. It is especially important to get all the bills on hospital charges and medicines in the case of a medical emergency.You may also call or e-mail the insurance company's helpline to seek clarity on the requirements to avail the reimbursement on your expenses.

(The writer is Olga Robert.)

TOP

Source

HEALTH INSURANCE

Fitness freak? You may soon get discount on your health insurance premium – Moneycontrol – 7th November 2019

Your last year's fitness activity may soon determine your health insurance premium. The insurance regulator has floated a draft proposal that will allow insurers to give premium discounts in health insurance for those living a fit lifestyle. You may also get a higher sum insured compared to others if you maintain an active fitness regime.

Insurance companies will be allowed to specifically offer wellness and preventive benefits to customers. In an exposure draft on wellness and preventive benefits, Insurance Regulatory and Development Authority of India (IRDAI) has said that such special features can be offered in the policy contract.

Currently, health premiums are based on the claims experience of the previous year for that specific age group. Those having a history of medical ailments are charged higher. The IRDAI draft guidelines said that the costs towards the wellness services has to be factored into the pricing of the underlying health insurance product. This will also have to filed with the regulator when filing a health product.

Among the permissible services are discounts on health check-ups and pharmaceuticals, redeemable vouchers to obtain protein and other health supplements. The wellness benefit can also include redeemable vouchers for membership in yoga centres or gymnasiums for participating in fitness activities.

Over and above this, discounts on premiums and/or increase in sum insured at the time of renewals based on wellness regime followed by policyholders in the preceding policy period will be allowed. However, IRDAI said that an increase in sum insured will be independent and shall not be linked to the cumulative bonus offered, if any. The insurance company will not be liable for the quality of products and services offered by any third party under this benefit.

The concerned stakeholders have time till November 18 to offer their suggestions on the draft. After this, the guidelines will be finalised.

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Source

Insurance to shield against air pollution – Outlook – 6th November 2019

The Environment Pollution (Prevention and Control) Authority or EPCA declared a public health emergency in the Delhi-NCR region. The EPCA is a Supreme Court-mandated panel and what forced it into declaring the emergency is the alarming level of air pollution in the national capital and surrounding areas.

Diwali celebrations, stubble burning in neighboring states have all led to the prevailing toxic air scenario with Delhi chief minister Arvind Kejriwal describing the city as a “gas chamber”. However, the problem is not limited to Delhi-NCR. Many north Indian cities and towns are experiencing hazardous level of air pollution.

Air pollution could have a devastating impact on our health and that of our loved ones. Most of the health insurance plans cover air pollution related diseases. Most of the health insurance providers seen rise in air pollution related claims like pulmonary disorder-related hospitalisation claims. To bear the medical bills one should opt for comprehensive health insurance plan or a plan that provides cover for OPD.

Ravi Vishwanath, ED and CEO, Reliance Health Insurance said, “Poor air quality is a major issue India is facing at present. The global burden of disease reports outdoor air pollution as the largest killer in the country after blood pressure, indoor air pollution, tobacco smoking, and poor nutrition. Most common diseases that Indians suffer from are asthma, lung cancer, COPD (chronic obstructive pulmonary disease), pneumonia, birth and immune system defects, weakening of lung functioning and cardio-vascular diseases”.

Some of the diseases caused by air pollution are ischemic heart disease, premature death, stroke, chronic obstructive pulmonary disease, lung cancer, asthma and acute lower respiratory infections in children are few to mention.

People are aware of the health hazards caused by air pollution and to safeguard themselves they use air pollution mask, air purifiers and car purifiers. However, this is not enough and the best and smart way to protect our loved ones from air pollution is by buying an adequate health insurance plan to meet the medical expenses at the time of medical emergencies. This will help to achieve our financial goals and relief from medical debt.

According to the World Health Organisation worldwide ambient air pollution accounts for:
- 29 per cent of all deaths and disease are from lung cancer
- 17 per cent of all deaths and disease are from acute lower respiratory infection
- 24 per cent of all deaths are from stroke
- 25 per cent of all deaths and disease are from ischemic heart disease
- 43 per cent of all deaths and disease are from chronic obstructive pulmonary disease.

Before buying any health insurance plan, choose the most suitable plan for you and your family. Always double check what covers under the plan, sum insured amount and exclusions to avoid confusion at the time of claims. Health comes first and better to avoid risks at any cost. Your health insurance plan will rescue your family from uncertainties.

(The writer is Nirmala Konjengbam.)

TOP

Source

31 insurers, 26 TPAs seek to fix rates for surgical procedures - The Economic Times – 6th November 2019

In a bid to rationalise settlement of health claims, 31 general insurers and 26 third-party administrators (TPAs) have come together to fix rack rates for common surgical procedures such as cataract, hernia, appendicitis removal, kidney transplants, and angioplasty.

While hospitals will still need to agree to the recommended tariffs, general insurers are confident of pushing through standardised rates with most hospitals. The standardised pricing will also help patients as despite having insurance they have to bear some expenses out-of-pocket.

Insurers said that arbitrary pricing by private hospitals is hurting patients and insurers. A fairly common cataract operation results in bills varying from Rs 25,000 to Rs 3.5 lakh — depending on the hospital, treatment, doctor and implant lens. For more complicated surgeries like a kidney transplant, the variation could be from Rs 5 lakh to 12.5 lakh.

This bid to ensure parity and fair pricing is now being driven by the IRDAI, General Insurance Council and insurers. The General Insurance Council, an association of insurers under the aegis of the regulator, has formed a committee to prepare a preliminary list of commonly claimed surgeries. Over time, the committee hopes to make their rack rate list more comprehensive by adding more players.

"We should look at an FTA with the US. We have a trade surplus with them," an official source told TOI. Another source said India was pitching for restoration of the entire GSP benefit, although the Trump administration has so far indicated a partial reinstatement of the concessional duty regime.

In recent years, the US has emerged as a crucial ally for India though differences over trade issues often cast a shadow on the burgeoning partnership. A trade deal with the US, at a time when worries over Chinese imports flooding the local market saw India walk away from RCEP, will underscore the growing convergence with the US as well as suspicions of the giant across the border. In the past, lobby groups such as the US-India Strategic Partnership Forum have suggested that an FTA could hold the key to resolving disputes.

A forward movement for the same will signal a major change of stand, considering the old wariness about the US stand on intellectual property rights, especially the patents regime for pharmaceuticals, as well as other areas of interest such as investment, where the US wants the same treatment for its companies as Indian entities even before they invest in the country.

In bilateral trade agreements, too, the US has usually sought a tighter regime for state-owned enterprises, which limits the space for governments to offer preferential treatment. India has always sought access for its software and other professionals in return for opening up its market by lowering import duties and offering other concessions.

But given the sensitivities on the visa regime, it is unlikely that the US will ease H-1B or other rules, something that Indian officials are conscious of. "Every country has its sensitivities, which should be factored in," said a source. The US is India's largest trade partner with imports and exports adding up to $88 billion in 2018-19. With exports of $52.4 billion, India had a trade surplus of $16.8 billion.

(The writer is Rachel Chitra.)

Source

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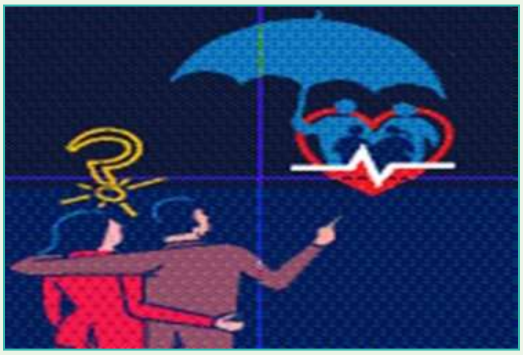
Why young adults too need to buy health insurance – Financial Express – 4th November 2019



Today, diseases, disabilities and death are not showing affinity merely towards the elderly, these are inflicting young adults equally. As per a recent study, Indians are 10 times more likely to die of heart disease than the rest of the world. The unfortunate fact is that 40% of the people in India developing heart related ailments are under 50. And it is not just heart related ailments that affect Indians severely.

Nearly 20- 40% of young people in India suffer from health impacting conditions that need urgent attention of healthcare professionals. India's growing inflation rate is a matter of great concern as most people in India are deprived of even the basic health care facilities.

Medical inflation rising
India's healthcare inflation has also been rising alarmingly. The average healthcare inflation was 7.14% for 2018-19, witnessing a steep rise from 4.39% in 2017-18. With medical inflation rising at the rate of over 50% ever year, it is imperative to invest in a comprehensive health insurance policy with adequate sum insured. Moreover, with serious ailments striking adults in the 30-35 age bracket, one cannot afford a big drain on savings in medical treatment.

It is also better that one buys a comprehensive health insurance cover before turning 30, as in most cases health insurance policies come with a predefined waiting period of 30 to 120 days, during which one cannot make a claim for planned hospitalisation or even during a medical emergency. Buying a health insurance policy at a young age means exhausting the waiting period while you are young and healthy.

Moreover, investing in a health insurance policy at a young age ensures that you have greater coverage. Many latest health plans offer wide coverage for young customers that include day care procedures and treatment for vector borne diseases to maternity benefits and cover for OPD expenses among others. These days, insurers have come up with several high value insurance policies with sum insured up to Rs 1 crore.

Whether you are married, single, have children, young or old, you need some level of health insurance to protect yourself against financial disaster in the event of a serious illness or accident. Whether you choose a group plan or an individual plan, there are important choices to be made that will affect not only the quality of your medical care coverage but also your wallet.

TOP

Source

A Vaideesh interview: 'Insurance or a financing mechanism the only way to get latest drugs in India' - The Indian Express – 4th November 2019

Price caps may not always be the right solution if India wants to ensure its population gets access to newer, innovative and often patented medicines, says A Vaideesh, president of the Organisation of Pharmaceutical Producers of India (OPPI), which represents multinational drug makers. Vaideesh, who was recently re-elected as the group's head, tells PRABHA RAGHAVAN in an interview how different financing models and schemes like Ayushman Bharat could help bring such expensive medicines within reach of low and middle-income patients. Edited excerpts:

How are multinational drug makers with high-priced, often patented drugs, evolving to cater to the Indian population?
The way in which multinational companies participate is … if it is a significant public health issue, we end up actually giving (the medicine) more or less free. For HIV, GSK has (a) deal with a third party and the

government gives it at a very low price … every company does. Now, what happens is, (with) some of those oncology drugs … there is a reference pricing that happens all over the world, so you can't give any special prices. So, what the companies do is something called Patient Assistance Program.

One of the (other) ways that we are trying to overcome (issues with affordability and access is), there are various financing models that are being looked into, (like) micro-insurance … some companies are looking at how to come up with insurance products on this. I think this whole concept of insurance has to develop, where the insurance companies are also interested in working (directly) with the pharmaceutical companies … It hasn't fully evolved. It's still in the early stages. Insurance or a financing mechanism is the only way to get the latest drugs in this country. Not price control.

Where price control is concerned, the government has been exploring a shift from ceiling price caps to trade margin rationalization. It even piloted this on over 40 cancer medicines earlier this year. What is your stance on such a move?
We support (trade margin rationalization) … (But), oncology (as a therapy) is a hospital-based product. So, the oncology model will not work, because other therapies are all retail-based products … The margins are generally fixed in retail, which is the standard norm of 10 (per cent) and (20 per cent) anyway. Whereas, in a hospital … the difference between the MRP (maximum retail price) billed and the hospital billing price (the price billed to hospitals by the pharmaceutical company or distributor) is significant. So, you can't apply the same principles (of trade margin rationalization) to retail-based products. Around 90 per cent (of the drugs in the country) would be retail-based.

Unlike in oncology, where the value of the prices are also very high, in many of our products, they are not (priced at) Rs 50,000 or a lakh (rupees). They are all Rs 30 and Rs 40 … so you (government) may only want to look at a high value product (for trade margin rationalization) — cardiology, oncology, neurology. For small value drugs, I don't see how materially it (trade margin rationalization) is going to have an impact.

(On pricing of innovative or patented products), this (the price of the drugs) cannot be paid out of pocket. Nowhere in the world, barring a few markets, does the individual pay out of pocket. It is all managed through a financing mechanism. We've got to find the (right finance) model. Expecting an individual to pay out of the pocket Rs 2 lakh per dose, it's impossible. And expecting companies also to … sell it (the drug) at Rs 2,000 is also not a workable proposition … How many times are you going to say (go for) compulsory licencing? You may (do it), say, once or twice. It is not a sustainable (model) for every drug which is expensive. Future drugs are all going to be expensive — biologics. The sooner we find a financing model instead of a pricing model, (it will be better).

With affordable, life-saving medicines an important component towards achieving India's goal of universal healthcare through programmes like Ayushman Bharat, what scope do you see to participate?
In Ayushman Bharat 1.0, I don't think we will be able to participate because of the L1 tender and all that … I think where we will have a chance is when they start moving towards Ayushman Bharat 2.0, where they will open it up for a middle class population … I don't think the government is opening it up (yet), but that is very much in the cards.

That is the time where the middle class population will be asked to pay a small premium (and) that is the time where we will start having a conversation with the insurance companies, saying I am willing to give (the medicine) to you at this price.

Because, the size of the population — around 200 million — will be governed under that. Then the volume goes up and the company can also say, "If I am getting x amount of cases, I'm willing to give it … at so much of a price." So the insurance companies will start dealing with the (pharmaceutical) companies directly. That is what we are expecting to happen.

(The writer is Prabha Raghavan.)

TOP

Source

What prevents people from buying health insurance? – Financial Express – 3rd November 2019

In case you wish to get a sense of the gap between the world's unhealthiest and healthiest people, you don't need to fly to a faraway land. Just look around India! Health inequality has become an unwanted yet integral part of Indian society, so deeply entangled with other social problems like disparities in income, education and geography. In India, there are huge inequalities in healthcare that often go overlooked.

A crucial reason for inequality in the healthcare sector is that while on the one hand, there are swanky, five-star hospitals that boost world-class amenities and services, on the other hand, there are hospitals that lack even the minimum healthcare standards. The only solution to remove this disparity is mandatory health insurance. However, there is a flip side to the story. While thousands of people are striving to maintain best of their health and are at the same time exploring health insurance options to cover their health risks, they still find the current health insurance policies quite confusing and slightly expensive. Over and above, a great section of people does not even trust the current healthcare ecosystem as they are not satisfied by the services offered by a few insurers, hospitals and even diagnostic centres.

Many experts from the insurance industry also have the similar opinion that the existing health insurance policies are quite complicated and they need a proper simplification. This is generally because while buying a health insurance policy, typically you are first explained about what all is not covered (exclusions) in the policy rather than things which are covered. This makes it very difficult to buy a health insurance in comparison to buying a term, home or car insurance. This is an important reason why many people prefer staying covered under their employer provided health insurance cover rather than buying an individual health insurance policy. As per a recent report published by the Insurance Regulatory and Development Authority of India (IRDAI), in the financial year 2017-18, General Insurance companies issued approximately 1.47 crore health insurance policies that covered over 48 crore individuals. The insurers registered a growth of 10% in the number of lives covered.

Income Tax Refund Status 2019-20: How to check IT refund status online in 5 minutes!

Though, there is a major difference in the number of people insured under an individual health insurance policy and in the number of people insured under a group cover. As per the report findings, 75% of the total individuals insured are covered under a government scheme while 19% are covered under group health insurance, usually offered by the employer. However, the total number of lives insured under an individual health insurance policy is significantly low i.e. only around 6%, a fall of 7% from 13% in the financial year 2013-14.

In the last few years, there has been a substantial increase in the number of people suffering from lifestyle diseases. The number of individuals suffering from ailments like high cholesterol, blood pressure, diabetes and hyper tension has gone up to a great extent. Also, the age of individuals suffering from any such ailment is below 45 years, which is a matter of great concern. Another important ailment affecting young individuals is acidity-related concerns which shows an increase of 35% in the last 5 years.

As per market experts, exclusions and complexity of a certain health insurance product play an important role in difficulty in adoption of new products. Apart from exclusions and complexity, claims also play an important role in helping people decide which insurer to choose. It is often observed that many health insurers suffer from a lot of bad reputation just because of their claim settlement process and ratio. Most consumers believe that the common reasons why they do not buy a health insurance policy is lack of trust, cost and complexity.

If any of the insurers work on these 3 areas, consumers will start showing more faith in the insurance companies. The only way to win the trust of consumers is introducing a standard health insurance policy across all insurers that is affordable and within everyone's reach. While a standardised product will make it easier for the consumers to understand and compare health insurance, eventually it may also make porting health insurance policies convenient and easier amongst different insurers.

(The writer is Amit Chhabra.)

Source

TOP

CROP INSURANCE

Wary of crop segment, insurers run for cover - The Hindu Business Line – 5th November 2019

Faced with significant losses from natural calamities, a number of general insurers are understood to be reviewing their crop insurance portfolios and even considering moving out of the segment.

While ICICI Lombard General Insurance has already announced its decision to exit crop insurance under the Pradhan Mantri Fasal BimaYojana (PMFBY) due to high reinsurance rates, industry data suggest that Cholamandalam MS General Insurance has also exited the segment.

According to government data, the gross premium under PMFBY in FY19 is estimated to be ₹20,923 crore, while the claims amounted to ₹27,550 crore.

Significantly, state-owned re-insurer General Insurance Corporation of India (GIC) has also scaled down its crop insurance portfolio in the face of huge losses and claims.

Data from the General Insurance Council reveal that the gross direct premium income for Cholamandalam MS fell nearly 91 per cent in the first six months of the fiscal year to ₹5.26 crore, against ₹210.87 crore in the same period a year ago. Cholamandalam MS did not respond to an email query from *Business Line*.

Gross direct premium up
Interestingly, gross direct premium income from crop insurance for all non-life insurers increased 26.5 per cent to ₹19,217.65 crore between April and September this year, against ₹15,185.98 crore in the year-ago period.

"Crop insurance has been doing reasonably well although a lot also depends on the districts with the insurer. The claims ratio has been high for some segments but most insurers remain bullish," said an industry source, adding that many insurers may choose to come back to the segment next year.

Green shoots, too
Sources said public sector general insurers, such as National Insurance and New India Insurance, have been taking on more crop business along with a few private sector players. Agriculture Insurance Company, a specialised PSU, continues to do the bulk of the crop insurance.

Bhargav Dasgupta, MD and CEO of ICICI Lombard, while announcing the company's second-quarter results last month, had said that it has not been able to write any crop business this year. "Reinsurance terms have turned adverse for insurance companies, so it doesn't make sense. Rates on the ground are more aggressive," he had said.

(The writer is Surabhi.)

TOP

Source

Private Cos Pull Out of PM Crop Insurance Scheme Due to Unviable Biz Model - Business Standard – 3rd November 2019

At least three private insurers, ICICI Lombard General Insurance, Tata AIG and Cholamandalam MS General Insurance, have pulled out of the Pradhan Mantri Fasal Bima Yojana (PMFBY or prime minister's crop insurance scheme). This has raised concern on viability of its business model. Together, these companies accounted for about Rs 3,000 crore of premiums. The three have not bid for the scheme this financial year. E-mails to Tata AIG and Cholamandalam did not elicit a response. A senior official at ICICI Lombard only said it had not participated in the scheme this year.

According to a top official at government-owned Agriculture Insurance Company of India (AIC), only crop insurer in the country before PMFBY's advent, private did not take part or quoted unrealistically high rates in at least three states— Maharashtra, Uttarakhand and Himachal Pradesh. One reason for private sector firms to shy away is last year's high claims ratio, exceeding 100 percent, according to a high-ranking government official. As a result, many reinsurers have increased their overall rates. Earlier, reinsurance companies used to pay commission in the range of 7-20 percent to insurance companies, which protected the latter against huge losses. After last year, reinsurance companies have reduced the commission to 3-3.5 percent. PMFBY, being a mass scheme, is heavily dependent on reinsurance support.

(The writer is Namrata Acharya.)

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Source

Maharashtra: Collective complaints, quick panchnamas to help farmers access crop insurance benefits - The Indian Express – 3rd November 2019

IN RESPONSE to the crop damage due to unseasonal rain, the state government has decided to relax the condition of individual farmers filing claims for accessing compensation for their insured crop. State Agriculture Minister Sada bhau Khot said the his department will file cumulative claim for post-harvest losses.

Surveys by the state have shown that unseasonal rain has damaged crops over 54.22 lakh hectares (lh) area. Marathwada is the worst-hit with crop damage over 22.71 lh area. Crops such as cotton, soybean and maize have sustained maximum damage, with crops such as jowar and paddy also reporting serious losses. In most cases, farmers had harvested their crop but did not get time to move it to warehouses.

Khot told The Indian Express that the state had decided to do away with the necessity of filing individual claims. "The agriculture department will file collective claims, which will be held valid by insurance companies," he said. Under Pradhan Mantri Fasal Bima Yojana (PMFBY), claims for post-harvest losses have to be filed by individual farmers. Insurance companies validate the claims with the local weather data and then pay compensation to the farmers.

"We have asked the administration to accelerate the work for filing panchnamas, following which the final report will be submitted to the government. Farmers will get crop-wise compensation once the final figures are available," he said. Chief Minister Devendra Fadnavis has allowed farmers to send photographs of crop damage in case the panchnama of their fields was not done.

Officials said the final compensation amount might cross the amount incurred in the last few years. For this kharif season, a total of 1.26 crore farmers have insured their crops over 67.33 lh area.

(The writer is Partha sarathi Biswas.)

TOP

Source

MOTOR INSURANCE

Vehicle owners may be able to self-claim 50% more on motor insurance - The Economics Times – 2nd November 2019

In a recent exposure draft by the Insurance Regulatory and Development Authority of India (IRDAI), the authority has proposed an increase of 50 per cent in self-claims. Currently, the limits for self-declaration by customers for motor accidents is Rs 50,000.

With proposed draft, consumers can claim upto Rs 75,000. And anything above this limit would have to be assessed by an insurance surveyor.

The exposure draft is prepared for carrying out amendment of the existing IRDAI's (Insurance Surveyors and Loss Assessors) Regulations, 2015.

IRDAI believes, for claim payment, the insurance surveyor and loss assessor plays a pivotal role in assessing the losses in case of general insurance claims.

"After a detailed analysis of various recommendations made by the above mentioned Committees as well as the Working Group, in an attempt to facilitate wider participation of younger generation to become surveyors, to meet the varied professional requirements of general insurance market and to rationalise the licensing requirements, it is felt essential to streamline the regulatory framework through amendment," IRDAI said in its exposure draft.

It is crucial to enhance the loss limits and to utilize the manpower available within the insurance company up to the loss limits so that such claims are settled expeditiously, it further said.

TOP

Source

SURVEY & REPORT

Insurers need to leverage digital wave, data – Financial Express – 6th November 2019

With digital innovations rapidly changing consumer behaviour, insurance companies will have to innovate products to create a pull factor and unlock demand. Insurers will also have to introduce next-generation bancassurance practices with digital enablement of sales. They will also have to reimagine and digitise the entire customer journey from policy creation to servicing for enhanced customer experience and leaner, low-cost business models.

These are some of the recommendations from a Boston Consulting Group and Ficci report titled India Insurance – Going from Teems to Twenties. The report points out that the insurance industry is at a critical point in its evolution as it completes 20 years since private companies were allowed and is poised for sustained growth.

Digital drive

In order to gain from the digital transformation, insurers will have to build a customer-centric mindset and focus on solutions, personalization and digitally-enabled engagement. Insurance companies will have to accelerate the process of digitalisation and automation by deploying next-generation technology, and rewire business models using analytics.

The report says that traditional channels such as agency and bancassurance, which will continue to be the core channels for growth, need to leverage digital and data as force multiplier to increase productivity. In fact, digital sales have the potential to become mainstream leveraging digital marketing strategies that efficiently engage relevant customers. As the next decade will also see the rise of digital ecosystems and 'Insurtech', insurers need to engage with them and create a seamless customer journey. In India, most of Insurtech investment has been made in web-aggregators and online-focused new insurance companies.

Pranay Malhotra, MD and partner and insurance lead for BCG in India, says insurers will need to drive digital-led transformation to unlock growth, deliver a superior customer experience and improve returns. "Insurers will need to challenge the status quo to significantly enhance their core models and build new models for the future. Companies need to become more customer-centric else they run the risk of getting disrupted," he says.

Regulatory sandbox

The regulatory sandbox created by the Insurance Regulatory Development Authority of India (Irdai) will enable insurers to innovate products. The sandbox approach will also help to strike a balance between development of the insurance sector and protecting the interest of the policyholders. An applicant wanting to promote any innovation in insurance will have to demonstrate to the regulator that it will help increase insurance penetration and provide enhanced services to the policyholders. The regulator may consider granting limited regulatory relaxation to the proposal that promotes innovation in insurance.

Irdai guidelines on the operational issues pertaining to the regulatory sandbox states that prior consent of customers will have to be taken regarding their willingness to participate in the proposal.

Targeting mass market

Large-scale growth of the mass market or at the bottom of the pyramid is difficult because of many factors. However, digital will play a major role with more than half of the country's population set to be connected to internet through smartphones. The scope of Bharat Bill Pay Services has been expanded to include payment of insurance premium. Insurers can leverage this, especially for life and health insurance policies with recurring payments.

The report notes that digital-driven customer experience across the value chain of insurance, renewals, servicing and claims can dramatically cut turnaround time by 60-80%, reduce customer complaints by half, optimise cost by 30-40%, and build a business model ready for the future. The research indicates that customers are keen to consider innovative insurance products which better meet their needs.

(The writer is Saikat Neogi.)

TOP

Source

These three countries head the world in terms of insurance potential - Insurance Business Asia – 4th November 2019

China, the United States, and India lead the world in insurance potential, according to a recent study.

Global insurance company MAPFRE analysed and ranked the life and non-life sectors in 96 insurance markets (both developed and emerging) for its latest global insurance potential (GIP) index. MAPFRE conducted the study to measure the insurance protection gap (IPG) worldwide, creating a metric that summarises which markets offer greater insurance potential in the medium- and long-term.

The study revealed that the top five markets with the most insurance potential in the life sector are China, the US, India, Indonesia, and Russia. Meanwhile, the top five markets in the non-life sector are China, India, the United States, Indonesia, and Japan.

Aside from measuring each market's IPG, the study also took other variables into account, such as penetration, economy size, and population size. In order to be highly placed in the ranking, markets needed to be large in size (as measured by GDP) as well as having adequate capacity to close their own domestic IPG.

The report also stressed the value of countries that have the capacity to close their own domestic gap but have relatively little economic weight – they are therefore placed in a low position in the overall ranking. In the life segment, the report identified Egypt, Pakistan, Nigeria and the Philippines as contenders for higher positions currently occupied by other emerging markets.

Within the non-life segment, the report identified Pakistan, Egypt, Bangladesh, Nigeria, and the Philippines as countries with considerable potential to reduce their domestic insurance gap.

(The writer is Duffie Osental.)

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Source

INSURANCE CASES

2k vehicle owners claim insurance for damages – The Times of India – 6th November 2019

The insurance claims for vehicles damaged due to prolonged waterlogging in September-October will be disposed of within a month, said transport department secretary Sanjay Kumar Agarwal on Tuesday. He said altogether 2,000 applications have been received till date.

"The insurance companies in a meeting held today were asked to ensure that all such claims are settled within 30 days," Agarwal said.

Severe rainfall in the last week of September flooded major parts of Rajendra Nagar,Kankarbagh and Gardanibagh areas for around fortnight and many vehicles were damaged.

"Affected people are requested to submit their insurance claims if they haven't done it so far. Vehicles which are repairable are being repaired. Those vehicles which can't be repaired are being given claim amount after deducting compensation," he said.

Agarwal claimed that transport department is monitoring the entire process and a camp will also be organized for the same. "Vehicle repair workshop meeting will be held with more solutions regarding the insurance of the damaged conveyances. Further, regular monitoring of all insurance claims will be ensured," he added.

Earlier, in a meeting between insurance companies, finance department and disaster management departments on October 28, a decision was taken to provide insurance cover in 30 days from the date of registration of claims at the camps to be organized for this purpose.

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Source

PENSION

National Pension System: Top benefits of investing in NPS - Financial Express – 6thNovember 2019

Among the most popular saving, investment and retirement schemes in India are National Pension System (NPS), Employees' Provident Fund (EPF) and Public Provident Fund (PPF), although while some are only for the salaried, some are optional and can be opted by anyone.

For instance, the Provident Fund is compulsory for the salaried, for which contribution has to be made by both the employer and the employee.

NPS, on the other hand, is for low-risk appetite individuals planning for their retirement. This pension program is for both the public and private sector employees. PFRDA for the benefit of its subscribers had some time back changed the rules for withdrawal of NPS.

Since August 10, 2017, the minimum period required for partial withdrawal has been reduced to 3 years from the date of joining, from the mandatory 10 years under Tier-I account. The minimum gap of 5 years required between 2 partial withdrawals has also been removed.

Benefits of NPS

On a voluntary basis, the PFRDA made NPS open to all Indian citizens, which was earlier limited to only the Central Government employees. With this scheme, at regular intervals, investors can invest in a pension account during the course of his/her employment.

The scheme, similar to EPF, is portable across jobs and locations, and also comes with tax benefits under Section 80C and Section 80CCD, of the Income Tax Act.

A portion of the NPS goes to equities, because of which it offers returns higher than other traditional tax-saving investments like the PPF. Investors also get the option to change their fund manager, in case they are not happy with the performance of the fund.

Note that, after retirement, only a certain percentage of the corpus can be taken out by the investor. The rest of the amount the NPS account holder will receive as a monthly pension, post his/her retirement. Investors can also make partial withdrawals. However, that comes with certain criteria.

Partial Withdrawal

For partial withdrawal, the minimum period required to be depositing in an NPS account is 3 years from the date of joining. Investors are eligible for 3 partial withdrawals, but that should not cross 25 per cent of the contribution made for each time.

Partial withdrawal can be made under certain criteria only. For instance, in the case of children's higher education and marriage, partial withdrawal can be made. Also, if the investor wants to purchase or construct a residential house or flat, he/she is eligible to make a partial withdrawal, given they do not already own a house other than ancestral property.

In case any critical illness or specified illness of a life-threatening nature – which requires hospitalization – occurs to either the investor, spouse, children or dependent parents, partial withdrawals can be made. Withdrawals are also permitted if needed to cover incidental and medical expenses due to disability or incapacitation suffered.

Additionally, if one wants to start a business or for any self-development activities, withdrawals can be made. However, for the Tier-II accounts, there is no restriction on withdrawals.

(The writer is Priyadarshini Maji.)

TOP

Source

Provident Fund UAN Generation: Now get it from EPFO portal directly – Financial Express – 1st November 2019

Retirement fund body EPFO on Friday launched a facility for formal sector workers to obtain universal account number online without depending on their employers.

At present, workers are required to apply through their employers to get the universal account number (UAN), which enables them to avoid filing PF transfer claims on changing jobs.

The UAN remains the same throughout the life of a worker.

Now, any worker can obtain UAN directly on EPFO website which enrolls them for PF, pension and life insurance benefits and a worker will not have to depend on his or her employer for getting the UAN.

Besides, the Employees' Provident Fund Organisation (EPFO) also launched a facility for its over 65 lakh pensioners to download their pension-related documents like pension payment order (PPO) on Digi Locker.

The EPFO has integrated with Digi Locker of National e-Governance Division (NeGD) to create a depository of electronic PPOs that is accessible to individual pensioners. This is a move towards paperless system by the EPFO.

Labour Minister Santosh Gangwar launched the two facilities during the 67th foundation day celebrations of the retirement body here. He also launched e-Inspection, which is a digital interface of the EPFO with employers.

The E-Inspection Form would be available in user login of employers not filing ECR which enables them to inform either closure of business or unpaid dues with proposal for payment. It will nudge employers for compliant behaviour and prevent harassment.

On this occasion, the minister said that he is getting a lot representations related to the Employees Pension Scheme 1995 and would ensure that workers rights are protected.

The EPFO has over 6 crore subscribers. It manages a corpus of over Rs 12.7 lakh crore.

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IRDAI CIRCULARS

List of Insurance Marketing Firms as on31.10.2019

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Exposure Draft on Guidelines on Wellness and Preventive Features/Benefits

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IRDAI (Insurance Intermediaries) (Amendment) Regulations, 2019

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Indian Insurance Companies (Foreign Investment) Amendment Rules, 2019

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GLOBAL NEWS

Indonesia: Govt announces steep premium hikes for state health insurance scheme–Asia Insurance Review

Indonesia's state health insurer will raise regular customers' premiums starting on 1 January next year to plug a deficit in the universal health insurance system, reported Reuters.

BPJS Kesehatan, which manages universal health coverage for over 200m people, will raise premiums for the cheapest insurance package by 65% to IDR42,000 a month and two other packages by more than 100% to IDR110,000 and IDR160,000 per month, according to a statement by the Cabinet Secretariat.

BJPS has faced liquidity problems since soon after its inception in 2014, regularly booking claims far exceeding premiums it collects. The premiums are regulated by the government.

BPJS is set to record a IDR32tn ($2.28bn) cash deficit at the end of the year without government help and this may grow more than two-fold to IDR77tn by 2024, company executives have warned.

The government will allocate funds to cover this year's deficit in the health insurance scheme, said a government statement.

BPJS currently covers about 83% of Indonesia's 265m. About three in five subscribers are subsidised by either the central or regional governments.

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Source