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QUOTE OF THE WEEK

"Many of life's failures are people who did not realize how close they were to success when they gave up."

Thomas A. Edison

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Spread Loss Reinsurance

Spread loss reinsurance is a type of reinsurance in which the reinsurer gets paid by the ceding company for a period of time until the latter collects a lump sum from the former when it experiences a financial loss. This payment scheme is a way for insurers and reinsurers to protect themselves from future losses. The insurer (the ceding company) pays the reinsurer (the cedant) money for premiums over a long period of time. It usually does this while doing good business. When the insurer experiences a considerable financial loss, the reinsurer gives it a large sum of money to cover that loss. Afterwards, the insurer resumes paying the reinsurer, making relatively small payments spread out over several years.

INSURANCE INDUSTRY

Tax deduction rate on health cover premium should be hiked, says SANA Insurance Brokers' Srinath Mukherji – Moneycontrol – 28th January 2022

The Union Budget is the annual report of India as a country. It contains the government of India's revenue and expenditure for the end of a particular fiscal year, which runs from April 1 to March 31. The Union Budget is the most extensive account of the government's finances, in which revenues from all sources and expenses of all activities undertaken are aggregated. It comprises the revenue budget and the capital budget. It also contains estimates for the next fiscal year. Keeping with recent tradition, Union Finance Minister Nirmala Sitharaman is expected to announce Union Budget 2022 on February 1 this year. This will be preceded by a virtual meeting of the Rajya Sabha floor leaders, ahead of the budget session of the Parliament, will be held on January 31. The meeting will be chaired by Chairman of the House and Vice President M Venkaiah Naidu. This year will be Sitharaman's fourth Budget after 2019, 2020 and 2021. She had read out the Budget from a tablet last year in parliament.

TOP

Hike in premium exemption, indication on GST cut on premium budget expectations of insurers - The Economic Times – 25th January 2022

An indication on reduction in the Goods and Services Tax (GST) rate on health insurance, giving infrastructure status to healthcare facilities, hiking tax deduction for insurance premium are some the budget wishes listed out by the insurance sector. Senior industry officials also urged the government to take steps to increase the insurance penetration in the country.

Even though the GST rates does not form part of the union budget, insurers want an indication towards slashing of the rates on insurance premium in the Finance Minister Nirmala Sitharaman's budget speech. "Health insurance is an essential commodity and needs to be slotted in the five per cent GST tax slab to make it more affordable to access quality healthcare," said Anup Rau, MD & CEO, Future Generali India Insurance.

A significant reduction in the GST on all personal lines of products-from the existing 18 per cent to five per cent will encourage more people to buy health insurance. For senior citizens, it should be exempted. According to Rau, increasing the tax deduction limit in Section 80D of the Income Tax Act - from Rs 25,000 to Rs 150,000 - can further help in penetration of health insurance. "The rising medical costs and the increase in the incidence of critical illnesses make it an unmanageable expense for middle-income and lower-income groups. So, a higher tax deduction limit for health insurance plans is the need," he argued. Given the under-penetration of insurance in India and the need to bring a wider gamut of population under the safety net, small ticket size insurance products like micro-insurance, sachet products, etc. can be exempted from GST, Rau added.

The services by the healthcare providers don't fall under the GST radar while at the same time buyer of the health insurance product pays the same given a large portion of the coverage is directed towards the cost of hospital bills, remarked Yogesh Agarwal, Founder & CEO, Onsurity, an insurance-health tech startup. "In the upcoming union budget, we request the Government to intensify steps towards increasing insurance penetration in the country, since even today a large part of the population in the country still remains underinsured or uninsured," Roopam Asthana, CEO & Whole-Time Director, Time Director, Liberty General Insurance said.

Citing the 2020-21 annual report of the Insurance Regulatory and Development Authority of India (IRDAI) Asthana said, the insurance penetration in India stands at 4.2 per cent of the gross domestic product (GDP) as against a global average of 7.4 per cent. Asthana said as of March, 2021 the non-life insurance penetration in India stood at barely one per cent and urged the government to slash the GST from 18 per cent.

"Further even though GST is not covered under budget, however policy makers' should also look towards exempting or lowering GST rates on life insurance products and these should ideally be classified under essential product category," Tarun Rustagi, Chief Financial Officer, Canara HSBC Oriental Bank of Commerce Life Insurance said. According to Rustagi, life insurance premium should be given a separate deduction limit of Rs 100,000 under Section 80C of the Income Tax Act.

Also, pension products should be given parity with NPS in tax incentives. Further, for annuity products, deduction for principal component should be allowed and only the interest accretion should be taxed similar to fixed deposits. Suitable changes should also be made under section 10(10D) to allow exemptions for all Life Insurance products where life insurance coverage is present which may be on the basis of policy term and sum assured ratio.

TOP

LIFE INSURANCE

Budget 2022: Up to Rs 1 Lakh Income Tax Relief for Insurance Premiums? What Experts Say – News 18 – 27th January 2022

Finance minister Nirmala Sitharaman will present the Union Budget 2022 at the Parliament on February 1, which is a week away. Amid the Covid-19 pandemic, expectations are there that this years budget will focus on the healthcare sector too, much like last year. On that note, it should also be kept in mind that the pandemic, which has had three different waves till now in India, has accelerated the need to invest in insurance cover. Health insurance has become all the more important due to rising hospitalisation rates, while life insurance cover has come in handy as an increased number of deaths took place over the last two years. While the insurance providers have seen themselves playing a key role over the time, the rate of insurance penetration is still low in India. According to experts, in order to turn the tables, few changes in the Budget 2022 are required in the health insurance sector as Covid-19 seems to stay here for long.

“In the wake of Covid19 pandemic, insurance has emerged as the most essential tool to secure the family from financial uncertainty. The industry has long pending expectations from the policy makers for incentivizing people under Section 80C," said Tarun Rustagi, chief financial officer of Canara HSBC OBC Life Insurance.

Commenting on the need to reduce GST health insurance products during the Union Budget 2022, Rustagi said, "Further even though GST is not covered under budget, however policy makers' should also look towards exempting or lowering GST rates on life insurance product and these should ideally be classified under essential product category." Speaking on similar lines, Bupa CEO an MD Krishnan Ramachandran said that the 18 per cent GST on health insurance products increases the premium amount.

"The 18 per cent GST which is currently levied on health insurance products increases the premium amount which acts as a hindrance for many prospective policy buyers. Reduction of the GST amount for health insurance plans will make the products affordable for the masses and lead to higher penetration across consumer segments," said Ramachanran. "The Government could consider doubling up of medical insurance limit under Section 80D to Rs. 50000 in light of higher medical expenses post covid. One of the major challenges for low penetration of health insurance is the affordability factor," he added.

Rakesh Jain, CEO of Reliance General Insurance Co. Ltd said that bringing healthcare facilities under the ambit of infrastructure will provide an increase in funding from large institutions. "For the Union Budget 2022, the Government should consider bringing healthcare facilities, such as diagnostic centers, specialty hospitals, wellness facilities, under the "infrastructure" category. This will bring in funding from large institutions, including insurance companies that seek and have regulatory obligation of investments in "Infrastructure assets". The insurance and healthcare sector need to evolve together to boost access to quality and affordability healthcare to the masses," said Jain on Budget 2022.

TOP

Life insurers must sell protection first and savings later – Financial Express – 26th January 2022

Life insurance protection was needed most by people across India during the mayhem caused by Covid-19, when they were losing not only their loved ones but also their bread-earners. But the protection provided by the life insurance policies in respect of most of the claims settled proved utterly inadequate in terms of the amount of sum assured, not enough even for immediate needs of the family left behind.

The experience during 2020 and also during the unprecedented incidence of people losing lives during the fury unleashed by the second wave of corona pointed to a serious impairment in the business of life insurance as it is carried out in India. As on March 31, 2021, the life insurers in India together paid a claim of Rs 1418.17 crore under 21,304 policies as per a statement published by the Irdai. This works out to Rs 6,65,135 per policy. If we presume that most of the deceased people had one policy only we can easily conclude that the sum paid to the family is highly inadequate for a family even with very modest living standards to meet all its expenses even for one year.

Inadequate life insurance

Then what about the cost of living in the several years to follow before the spouse or children start earning? This is an appalling scenario. Inadequate life insurance thus provides a false sense of security and points to a very serious deficiency in the selling strategies of the life insurance companies.

Selling life insurance with sum assured below Rs 25 lakh is a sacrilege on the part of the insurers. In fact, what they have been selling so far has been to satisfy their own business requirement without any sense of responsibility to the society they are thriving upon. The insurance claim paid to people is in no way adequate to protect the financial status or strength of a family in distress but is designed to pull down the bereaved family to the level of the economically weaker sections.

Mortality protection gap

The business of life insurance does have the concept of mortality protection gap which is the difference between the sum of money required by a typical household in case of the bread-earner's death and the amount available through all financial security instruments such as life insurance and other social security funds. A study by global reinsurance firm Swiss Re has indicated that in India financial protection available to an average policyholder is only 7.8% of the net protection required. The gap is wide and this is in spite of the government licensing 23 life insurers in addition to the public sector LIC to sell life insurance in India.

Even life insurance penetration is low at 2.7% for more than a decade. Penetration rate is the ratio of total life insurance premium earned in a year to the GDP of the country for the relevant year. In spite of the liberalisation of the sector two decades ago the life insurance industry in India is yet to play the role of the financial protector of each and every Indian, whether he survives or he leaves behind his loved ones. Insurers must focus their attention on selling protection first and savings later. They must not overlook their fundamental responsibility of providing adequate financial protection to an unfortunate family and of enabling one's loved ones to fulfil their dreams in all circumstances.

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

TOP

Capital Gains Tax on ULIP Income Part of Last Budget – The Times of India - 25th January 2022

The government has not imposed any new tax on unit-linked insurance plans (ULIPs) but has merely implemented last year's Budget announcement through a circular, tax department sources said on Monday.

Finance Act 2021 also inserted a provision in the Income Tax Act to make income from ULIPs taxable as capital gains, just like redemption from mutual funds. It had also delegated power to the Centre to prescribe a method of calculation of capital gains, while it was notified on January 18. The amendment had specified that if there is more than one policy, the Rs 2. 5-lakh premium limit for a year would be applied by aggregating the premium of such policies, which required clarity, which was done through a circular issued on January19, revenue department sources said.

The Finance Act 2021 provided that the amount received under ULIPs issued on or after February1, 2021 will not be exempted if the annual premium exceeds Rs 2. 5 lakh. "This provision was enacted to create a level-playing field between mutual fund investment and ULIP investment. In case of mutual funds, the redemption units are charged to capital gains tax. However, in case of ULIP the redemption was exempt, even though the insurance part of the premium was much lower and the investment part of the premium was high. This amendment by the Finance Act 2021 ensured that both mutual fund units and ULIPs operate on the same footing," a source explained. A general exemption was provided to those cases where annual premium was up to Rs 2. 5 lakh in a year so that premium paid for life insurance part does not get hit.

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How COVID-19 has affected Indian life insurance sector and policyholders – Moneycontrol – 25th January 2022

Term insurance premiums have been on the rise since March 2020, with several life insurance companies having hiked their rates across age bands. This space has seen several rounds of hikes, the latest one being in December 2021, when ICICI Prudential Life Insurance and HDFC Life Insurance increased their term insurance rates. Some other companies have indicated that they will raise their premiums in the months to come.

One of the reasons is higher mortality – or deaths – across and the world and in India due to COVID-19 that prompted global reinsurance companies to increase their rates and, in turn, forced Indian life insurance companies to pass on a part of the hikes to their customers. But this apart, a correction in term rates was due as premiums in India have been on the lower side compared to global markets over the last ten years. Despite the rate hikes, term insurance premiums in India continue to be cheaper compared to global markets.

In addition, life insurance companies have also tightened their underwriting norms in the aftermath of COVID-19, with income levels, educational qualifications and of course, policyholders' COVID-19 history, becoming key parameters in the insurance application evaluation process. Medical check-ups prior to policy issuance are now the norm, particularly for high-value covers. "Better analytical models have entered the picture and our claim experience has now become richer. Medical underwriting in integral part of the evaluation process. There is significant difference in claim experience between medically-underwritten polices and others. In our case, 97 percent of pure protection policies go through medical underwriting," says Kamlesh Rao, MD and CEO, Aditya Birla Sunlife Insurance.

(The writer is Preeti Kulkarni.)

TOP

Life insurers seek separate bucket for life insurance premium, tax-free annuity in budget - The Times of India – 25th January 2022

The life insurance industry has recommended the government to create a separate bucket for tax rebate under section 80C and make annuity tax-free for the benefit of subscribers as part of its demand for the next Union Budget to be unveiled in February. The Rs 1,50,000 limit for tax rebates is a pretty cluttered bucket and it does not give much space for the life insurance premiums (to get the full benefit of tax exemption), Karthik Raman, CMO and Head - Products, Ageas Federal Life Insurance, said.

"We want to create a separate bucket from the tax benefit in terms of rebate because section 80C has a limit of Rs 1,50,000 and everything comes under that like PPF is part of it, and if one has a home loan then for all practical purposes, it is gone. "So, we would like to have a separate amount of money earmarked for investment in life insurance for tax rebates," he said on behalf of the industry. Finance minister Nirmala Sitharaman is scheduled to present the general budget for the next fiscal on February 1. Also, the industry would like the annuity products to come under tax rebates. Today, the annuity at the hands of the receiver or annuitant is taxable. An annuity is viewed as salary and hence it is taxable. However, typically annuity is received by people who are moved out of the regular source of income and they look at an annuity as an alternate source of income.

"The cost of living is only going up, and taxing them doesn't sound right. We are requesting (the government) if an annuity can also be considered under Section 10 (10D) and can be made tax free. "Section 10 (10D) of the Income Tax Act allows an exemption for life insurance benefits including bonus. These are the two things the industry would be very happy if the government could consider," Raman said. He urged the government to make a beginning in that direction and to start again from where it had left it before the insurance premium was merged under the overall tax exemption limit of Rs 1,50,000 under section 80. "So, a separate bucket can be created for the life insurance (premium). And the next year and going ahead if the government feels that it is an important investment, and considering the kind of impact the pandemic had, it would encourage people to look at life insurance as a correct investment," the official said further.

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Customers to now bear MDR charges for postal life insurance – Live Mint – 24th January 2022

If you are holding a postal life insurance (PLI) policy or rural postal life insurance policy (RPLI), you will now have to bear the merchant discount rate (MDR) charges while paying insurance premiums online. The Department of Posts has issued an office memorandum to this effect on 18 January. According to the notification, "No MDR shall be paid by the Government portal to the Authorized Acquirer Bank and their PGs/PGAs." The customer/cardholder would pay all MDR charges, and the necessary orders are being implemented for PLI/RPLI online premium payment transactions, it added. MDR is a charge that a merchant is charged by their issuing financial institution for accepting payments from their customers through credit card, net banking and debit cards.

Generally, a customer who is an employee of the State and Central Governments, State and Central Public Sector Undertakings, Government of India aided Educational Institutions, Universities, Local Bodies, Nationalised Banks, joint ventures having a minimum of 10 percent Govt./PSU stake, credit cooperative societies, and staff members of the Defense services and Paramilitary forces can buy or hold a Postal Life Insurance policy. The scheme was introduced on 1 February 1884. Over the years, PLI has grown substantially from a few hundred policies in 1884 to more than 46 lakh policies as of 31 March 2017.

Besides, the Rural Postal Life Insurance was introduced on 24 March 1995 for rural people of India. The Malhotra Committee had observed in 1993 that only 22 percent of the insurable population in this country had been insured; life insurance funds accounted for only 10 percent of the gross household savings. The Government accepted the recommendations of the Malhotra Committee and allowed Postal Life Insurance to extend its coverage to the rural areas to transact life insurance business, mainly because of the vast network of Post Offices in the rural areas and low cost of operations. The prime objective of the scheme is to provide insurance cover to the rural public in general to benefit weaker sections and women workers of rural areas in particular and spread insurance awareness among the rural population.

(The writer is Navneet Dubey.)

TOP

Unit linked insurance plans: Check tax norms for capital gains on Ulips - Financial Express - 24th January 2022

With rising stock markets, increasing financial savings and higher risk-appetite of young investors, unit-linked insurance plans (Ulips) of life insurance companies have reported strong growth in the current financial year. In the individual regular new business, sales of Ulips grew 49% year-on-year to Rs 13,000 crore in the first nine months of this financial year. In the individual single premium new business, Ulip sales grew 85% y-o-y to Rs 4,330 crore during the same period, data from Insurance Regulatory and Development Authority of India show.

The bounce-back in Ulip sales despite the Union Budget 2021-22 eliminating the tax arbitrage between Ulips and equity mutual fund investments for high-value investors, indicates that individuals are willing to put money in life insurance for investments as they are cost-effective, secure and chances of mis-selling is less. Experts feel that the sales of Ulips will gain further momentum in the tax-saving season till March.

Should you invest in Ulips or ELSS?
Ulips are market-linked with a thin crust of life insurance. These products have a lock-in period of five years as compared with three years on equity-linked savings schemes (ELSS) of mutual funds. Moreover, in a Ulip, an investor is stuck with the same funds and fund managers for the full term of the plan. The

amount invested in Ulips is eligible for tax deduction under Section 80C subject to a maximum of Rs 1.5 lakh a year but with the condition that premium should not exceed 10% of the sum assured. Investors can select the fund mix— large-, mid- or small-cap in equity or even debt funds to invest depending on their risk appetite. Policyholders can switch between the fund options on paying switching charges to the insurance company. However, in ELSS the investments cannot be touched till the lock-in period is over.

While the insurance regulator had capped the exorbitant front-loaded charges levied by the insurers in Ulips, the charges are still higher than equity-related investments, where the expense ratio is 1-2.5%. Insurers levy four kinds of charges in Ulips—allocation, policy administration, mortality and fund management charges. Insurers deduct premium allocation charges to recover the costs incurred in processing the policy such as underwriting, medical examinations and distributor fees directly from the premium. So, higher charges in Ulips reduce the overall returns in the long-run.

No tax arbitrage in Ulips

Last week, the Central Board of Direct Taxes notified new norms for computation of capital gains under Ulips. The government had removed the tax exemption on maturity proceeds of Ulips with an annual aggregate premium of over Rs 2.5 lakh. The tax exemption is now only available for up to Rs 2.5 lakh investment under Section 10(10)D of the Income Tax Act. Long-term capital gains (LTCG) tax will be applicable on Ulips like all equity-oriented investments. However, there will be no tax on proceeds in case of death of the policyholder. In order to keep the real intention of the clause which was providing benefit to small and genuine cases, the proceeds received on the death of the individual by its nominee will be tax-free.

Long-term capital gains (holding period over 12 months) over Rs 1 lakh in a financial year is taxed at 10% and short term capital gain tax at 15% is levied on overall gains (holding period less than 12 months). For equity investments related to tax-planning, experts suggest that investors must have a balanced portfolio of Ulips and ELSS for long-term returns.

(The writer is Saikat Neogi.)

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Taxation of ULIP proceeds to create 'level-playing field' with MFs, says Income Tax Department – Financial Express - 24th January 2022

Proceeds of high-premium Unit Linked Insurance Plans (ULIPs) has been made taxable to create a "level-playing field" with mutual funds, official sources said on Monday. The Central Board of Direct Taxes (CBDT), that frames policy for the income tax department, had on January 18 notified the rules stating the method of calculation of capital gains with regard to ULIPs with annual premium of more than Rs 2.5 lakh and subsequently issued a circular the next day charting out various aspects of their taxation.

Income-tax department sources told PTI that the rules and guidelines were notified by the CBDT to give effect to the announcement made with regard to ULIPs in the last Union Budget. These do not bring any new taxation provision but only clarify the method of calculation of capital gains when it comes to redeeming ULIPs in specified cases, they said. "The Finance Act of 2021 carried out amendment in section 10(10D) of the Income-tax Act following which the sum received under ULIPs issued on or after Feb 1, 2021, shall not be exempt if the annual premium payable for any year exceeds Rs 2.50 lakh. "This provision was enacted to create level playing field between mutual fund investment and ULIP investment," a senior I-T department official said.

Clarifying the various aspects and concerns over the taxation of ULIP redemptions in certain cases, the official said the move was made after it was found that ULIPs were being preferred by investors for investment purposes as compared to insurance. "In case of mutual funds, its redemption is charged to capital gains tax. However, in case of ULIP the redemption was exempt, even though the insurance part of the premium was very less and investment part of the premium was high," the official said. Another official said that this amendment in the Finance Act of 2021 "ensured" that both mutual fund units and ULIPs operate on the "same footing." "However, a general exemption was provided to those cases where annual premium is not more than 2.5 lakh in a year. This 2.5 lakh benefit was provided for ULIPs (even if it was not there for mutual fund) so that premium paid for life insurance part does not get hit," the official said.

The second official quoted above added that the Finance Act of 2021 also inserted sub-section (1B) in section 45 of the Income-tax Act to make income from ULIPs "taxable as capital gains" just like redemption from mutual fund is taxable as capital gains. "The amendment (in the Finance Act of 2021) also made it clear that if there is more than one policy, the Rs 2.5 lakh premium limit for a year would be applied by aggregating the premium of such policies. "Hence, there was a need for providing clarity by way of a circular, informing the investors how taxable income is to be calculated when there is more than one ULIP," the second officer quoted above said.

TOP

Why you should never buy insurance to save tax – Live Mint – 24th January 2022

Many taxpayers pay hefty life insurance premiums to save on their taxes. They do so because the insurance agent instigates them to start saving taxes by buying a life insurance policy every year. So, if your distributor or insurance agent is pitching you to buy a life insurance company policy to save taxes, don't hurry. Generally, in the January-March quarter, insurance distributors report a colossal business as this is the period when taxpayers make the mistake of buying life insurance for tax savings purpose. To get the tax deduction savings benefit of ₹1.5 lakh under Section 80C of the income tax act, taxpayers tend to buy a high-cost insurance policy that they don't need. This piece looks at why buying life insurance is not a good choice as a tax-saving product and what you should do. Adhil Shetty, chief executive, BankBazaar.com, says, "Haste breeds bad investment and insurance decisions." Hence, you must first understand both needs and decide what you want to buy. Insurance needs to be purchased primarily to cover your risks. The tax savings are incidental and should not be the focus of your purchase.

Many investment avenues offer better returns than life insurance at a lower cost under Section 80C of the income tax act. For instance, Sukanya Samriddhi Yojana Scheme, Public Provident Fund (PPF) and National Savings Certificate (NSC) currently offer an annual interest rate of 7.6 percent, 7.1 percent and 6.8 percent, respectively. While the PPF and Sukanya Samriddhi Yojana Scheme incur no costs (charges) at all, equity-linked savings scheme (ELSS) mutual funds, on the other hand, incur running expenses of up to 2.25 percent but can provide inflation-beating returns. Traditional life insurance policies incur a higher cost and offer only approximately 4-5 percent yield. You get a low take on traditional life insurance policies because you pay a significant percentage of the policy cost to brokers. For instance, if a 35-year old male buys a traditional life insurance policy for 25 years, he will have to pay a premium of around ₹47,000 per year for a cover of ₹10 lakh. If he survives, he will approximately get the maturity benefit of ₹19 lakh. In this case, the Internal Rate of Return (IRR) will only be nearby 4 percent.

So, next time your insurance agent offers you a traditional policy, ask him to calculate the IRR on the excel sheet. This process will help you know the projected yield you get on the insurance policy. It won't surprise you that insurance policies can also offer a 2-3 percent yield in today's time. Apart from this, financial experts also say, "One should not consider buying term insurance for doing tax benefit as one saves a minimal amount by doing so." For instance, if a 35-year old non-smoker male buys a term insurance policy for a policy term of 25 years, he will have to pay a premium of around ₹16,000 per year (approximately) for a cover of ₹1 crore. This further implies that even if he is in the highest tax bracket, he can only save ₹4,800 (excluding cess charges) under section 80C. Hence, he should not think of buying term insurance for tax saving purposes.

You must also know that a life insurance policy requires a long-term financial commitment. What if your pay increases and you take a home loan three years after buying a life insurance policy? There are times when your section 80C limit can quickly get exhausted by employee provident fund (EPF) and home loans. In such cases, you will have to forcefully pay a hefty insurance premium every year despite knowing that you don't require a policy to save tax anymore. Hence, you shouldn't make a mistake this season by rushing to buy traditional life insurance that often doubles up as investment plans. "In the ideal scenario, you should separate the two needs. A term cover for life insurance and a mix of ELSS and provident fund for tax-saving investment almost always provides better coverage and investment returns at lower costs," said Shetty.

Understand when you should buy life insurance: The purpose of life coverage is to ensure your loved ones have ample money to meet their income needs after your demise. Often this means having a cover of 10-20 times your current annual income. The most cost-effective way to achieve this sizeable coverage is term insurance. Shetty said, "You need to take some time to understand what your life coverage needs are. For instance, you may need to cover your spouse's income needs, children's education needs, your parent's health needs, and the family's debts such as a car or home loan. You may also need to assess add-ons such as accidental death, critical illness, or monthly income. If you buy life insurance hastily, you will miss the chance to evaluate your needs and options." Echoing similar views, Mahavir Chopra, founder and CEO, Beshak.org, said, "Tax saving is a tactical, short-term component in the overall benefits that you get from buying insurance. When you buy in a hurry, you are likely to get distracted from solving the core problem that an insurance plan solves —your family's long-term financial security! Focus on long-term financial protection for your family first, and then look at the frills like tax, etc."

(The writer is Navneet Dubey.)

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GENERAL INSURANCE

Explore how to refund crores in TDS from road accident claims: SC to govt - The Times of India – 28th January 2022

As hundreds of crores of rupees collected as TDS from the road accident claim amount awarded to victims' families remained unclaimed, the Supreme Court on Thursday asked the Centre to examine how the amount can be refunded as many such families may not come in the tax bracket and also lack awareness about the issue. A bench of Justices Sanjay Kishan Kaul and M M Sundresh, which has passed a series of orders to streamline the process to ensure that compensation is given to families of road accident victims, set a two-month deadline for insurance companies to develop a mobile app which could be used as a single platform for applying and processing of road accident insurance claims in an expeditious manner.

It was brought to the court's notice by advocates N Vijayaraghavan and Vipin Nair, who are assisting the court as amicus curiae, that the unclaimed TDS was around Rs 600 crore way back in 2017 and the amount could have increased many fold by now. They pleaded the court to examine this aspect also as10-20 percent of the amount is deducted as TDS. "In all cases where Tax Deductions at Source (TDS) was applied as per Section 194-A of Income Tax Act,1961, insurance companies/transport corporations/others shall file the Statutory Form 16-A immediately upon filing the returns of the TDS to the Income Tax Department. The MACTs, shall thereafter, can handover them to claimants/counsel, on proper acknowledgment, to seek a refund wherever applicable," they submitted.

Agreeing with the submission, the bench said that people must be told about the refund. "Many may not come in the tax net and may not be filing Income Tax Return (ITR). Large number of people do not know how to claim it because of their social economic background," the bench said and asked additional solicitor general Jayant K Sud to examine it and bring it to the Centre's notice while expressing hope that the issue may get addressed in the budget.

The bench also expressed its displeasure over the General Insurance Council (GIC), a nodal agency for insurance companies, for not complying with its order to develop a mobile app. The court, however, agreed to grant it two months more time after senior advocate Atul Nanda, appearing for the council, assured the task would be done within eight weeks as 90% of the work has already been done. The apex court had earlier ordered that electronic means be adopted in the entire procedure for grant of compensation, right from police filing reports within 48 hours through email or a dedicated website and insurance companies depositing money electronically through bank transfers.

(The writer is Amit Anand Choudhary.)

TOP

Uncertainty over privatisation of PSBs, general insurance company – The Hindu Business Line – 24th January 2022

Uncertainty looms over the privatisation of two public sector banks and one general insurance company as announced in the Budget last year. There is no clarity yet if the government will introduce a Bill in the Budget session for the privatisation of public sector banks.

"Other than IDBI Bank, we propose to take up the privatisation of two Public Sector Banks and one general insurance company in 2021-22. This would require legislative amendments," Finance Minister Nirmala Sitharaman had announced while presenting the Budget for FY22 on February 1 last year. She had also talked about bringing a legislation in last year's Budget session itself.

Now, as Sitharaman gets ready to present the Budget for FY23, her ministry is also highlighting 'Delivery of Budget Promises' with a hashtag #Budget2021Recap . However, as on date, there is no indication of an announcement related to the privatisation of banks and general insurance company. Finance Ministry officials did not respond when BusinessLine tried to find out the latest status on this issue.

The privatisation of two public sector banks has been a challenge for the government. First, the Bill facilitating privatisation could not be introduced in the Budget session as it was curtailed due to the pandemic. Then a Bill titled, 'The Banking Laws (Amendment) Bill, 2021', was listed as a part of legislative business for the Winter session of Parliament. According to the Lok Sabha bulletin, the purpose of this Bill was "to effect amendments in Banking Companies (Acquisition and Transfer of Undertakings) Acts, 1970 and 1980 and incidental amendments to Banking Regulation Act, 1949 in the context of Union Budget announcement 2021 regarding privatisation of two Public Sector Banks".

Agitation by bank employees

However, the Bill could not be introduced in the Winter session. Sources said that considering polls in five States, including Uttar Pradesh, the government does not want to take steps that could have an impact poll prospects. Also, strong agitation by bank workers pushed the government on back foot, they said.

As on date there are 12 public sector banks, including State Bank of India. Banking is part of strategic sectors. Under new 'Disinvestment/Strategic Disinvestment Policy', there will be bare minimum presence of the public sector enterprises in the strategic sector. The remaining CPSEs in the strategic sector will be privatised or merged/subsidiarised with other CPSEs or closed down.

General Insurance Company

The government did manage to enact a law to amend the General Insurance Business (Nationalisation) Act. This amendment removes the requirement that the Central government holds not less than 51 per cent of the equity capital in a specified insurer. Though Sitharaman had repeatedly said that this new Act is not for the privatisation of the General Insurance Company but to help in raising more and more resources, the general feeling is that this Act will help in achieving the privatisation of a general insurance company. As on date there are five general insurance companies – New India Assurance Company, United India Insurance Company, Oriental Insurance Company, National Insurance Company and Agriculture Insurance Company. Apart from these, there is a re-insurance in public interest, the General Insurance Corporation of India.

(The writer is Shishir Sinha.)

TOP

HEALTH INSURANCE

Insurance for differently abled is tough, but don't give up hope yet – Live Mint – 27th January 2022

Getting an insurance cover for the differently-abled is an arduous task, especially if the policy proposal has been rejected multiple times by different insurers. Yet, Amit Sharma, head of insurance at Finway FSC, managed to get a policy for one such client. "He (the client, who did not want to be identified) was well-qualified and working with a multinational firm as a senior manager. His lower body was paralysed after an accident, but he would still drive to work. He had an automatic wheelchair and car. I reasoned with the underwriters that this disability is not a threat to his life. They reconsidered the proposal and issued the policy, albeit with higher mortality charges," says Sharma. His client thus got an unit-linked insurance policy (ULIP) and later also managed to get term insurance from a different insurer. But his troubles are still not over. Now, he is trying to get a health cover but insurers are rejecting the proposal due to his spinal problem.

Anecdotal evidence suggests that insurance penetration among differently-abled people, who comprise more than 2 percent of the country's population, is meagre. While insurance companies do issue them policies, the process takes a lot of time and rejections are higher. "Insurance for differently-abled depends on the underwriting norms of different insurers. No insurance company has a specific product designed for this segment. There is lack of data and the underwriting is done mostly on qualitative inputs that we have," says Nikhil Kamdar, appointed actuary, Digit Insurance. Another challenge is the right advice and support that they need to communicate better with insurers. "Agents themselves are not that knowledgeable or do not want to put time and effort to strongly present the proposer's case to the underwriters," says Sharma.

Financial underwriting holds supreme in the case of life insurance. In the case of differently-abled, there is the mortality risk as well. "First, the differently-abled person has to be gainfully employed and have a documented source of income. Second is the extent of disability. If a person is unable to move or requires help for daily tasks, we would obviously review those cases in a different manner. If someone's disability is not worsening, not involving mental faculties or is stationary in nature such as an injury to the leg, we would insure them," says Atri Chakraborty, chief operating officer, IndiaFirst Life Insurance. If the disability is not going to worsen or hurt the individual's earning potential, insurers may issue standard policies without rating up the premium. In cases where certain health parameters may cause a higher mortality risk, the premium can be levelled up. "In most cases, it is about providing life cover, not how much incremental premium we should charge," points out Chakraborty.

There are no health insurance products that are specifically tailored for differently-abled people. In most cases, regular policies are issued after necessary medical underwriting. "It is evaluated if the disability of the individual should be considered as a pre-existing disease (PED) or not. In the case of PED, the waiting period or exclusions may apply," says Amit Chhabra, business head - health, PolicyBazaar.com. "Policies for differently-abled are not very restrictive. In some cases, for example, if one has hearing disability, or is speech impaired or is an amputee, they can get comprehensive policies also," he adds. Getting health cover is difficult in cases where individuals suffer 100 percent physical disability. "There are also some chronic medical conditions that are often incurable or require long-term care and the chances of multiple medical complications arising out of this are higher in such cases. So, individuals in such circumstances may find it difficult to get a medical cover," says Kamdar of Digit Insurance.

Essentially, the underwriters try to analyse different system abnormalities which may happen in combination with what the disability is. "The\ underwriting team studies the correlation with other organ systems and accordingly a proposal is accepted or denied," says Dr S. Prakash, managing director, Star Health and Allied Insurance. If somebody is planning a treatment for a specific disability in the near future, then they will not get the insurance cover. Prakash says "planned treatment cannot be covered obviously, but in cases where there is no requirement for a specific treatment, for example a person having polio with some limb weakness, then they can get the coverage."

In the case of congenital diseases, while externally visible conditions are generally excluded, all internal conditions are usually covered. "Birth defects which are visible externally like spina bifida, additional digits, hydrocephalus, limb deficiency, etc are often excluded. Some Internal congenital anomalies like atrial septal defect (hole in the heart), transposition of blood vessels, atresia of the intestine, etc might be covered in the fresh retail policy after a specified waiting period," says Kamdar. To be sure, disabilities are covered in group insurance policies from day one, unless permanently excluded. Employees who get group insurance should enquire with their employers about the cover for their specific disability, if any. Industry players accept there is a need to collect quantitative data on disabilities to ensure better penetration and wider coverage for differently-abled people.

(The writer is Aprajita Sharma.)

TOP

Insurers urge higher 80 C investment limit; reduction in GST on health products – The Hindu – 26th January 2022

Insurance companies are seeking a separate deduction limit of ₹1 lakh for insurance premium payment under Section 80 C of the Income Tax Act in the upcoming Union Budget to bring in more people under the ambit of insurance. The insurers also want reduction in the goods and services tax (GST) rate of 18 per cent currently applied on health insurance products to 5 per cent to make such products more affordable to common people. Finance Minister Nirmala Sitharaman will present the Union Budget for 2022-23 on February 1. "The industry has long pending expectations from the policy makers for incentivizing people to get life insurance by giving a separate deduction limit of minimum Rs 1 lakh for insurance premium payment under Section 80C," Tarun Rustagi Chief Financial Officer Canara HSBC OBC Life Insurance said. Life insurance is a long-term solution, unlike other financial products which have a shorter investment horizon and are covered under the 80C provision. Currently, all financial purchases are clubbed under the same IT deduction section (80C) capped at Rs 1,50,000.

"We expect the budget to consider creating a separate section for tax deduction on premium paid towards life insurance. This would enable a more logical segregation of customer's funds into long-term and short-term kitties," Edelweiss Tokio Life Insurance Executive Director Subhrajit Mukhopadhyay said.

Ageas Federal Life Insurance Managing Director and CEO Vighnesh Shahane said the Section 80 C is currently cluttered with several investment options such as Public Provident Fund (PPF), Equity-Linked Savings Scheme (ELSS) and National Savings Certificate (NSC) amongst others. "At least, a separate section for term policies would be helpful given the current scenario and the huge protection gap in the country," Shahane said. Future Generali India Life Insurance Senior VP and Head Products and Development Chinmay Bade said that life insurance is a proxy to social security in case of death of a person as well as survival and, therefore, the exemption limit of 1.5 lakh under Section 80C needs a revision.

As per IRDAI's Annual Report-2020-21, insurance penetration in the country is at 4.2 per cent of the GDP vis-à-vis a global average of 7.4 per cent. As of March, 2021, the non-life insurance penetration stood at barely 1 per cent. Liberty General Insurance CEO and Whole-Time Director Roopam Asthana said due to the uncertainty spurred by the COVID-19 pandemic, health insurance has become an everyday need in order to protect oneself from uncertainties and is more relevant than ever.

"Therefore, the government should consider a drastic reduction in the GST applicable on health insurance premiums which is currently charged at 18 per cent. This will encourage people to purchase health insurance and additional top-up plans to protect themselves from medical crises and emergencies," Asthana noted. Bajaj Allianz General Insurance Managing Director & CEO Tapan Singhel believes that the premium price over coverage plays a critical role in the purchasing decision for customers. With the 18 per cent GST applied to health insurance, the premium price goes up which becomes a deterrent in people opting for sufficient coverage, he noted.

According to Edelweiss General Insurance Executive Director & CEO Shanai Ghosh, protecting health is paramount and so health insurance should be viewed as an essential commodity. "I would therefore request the Finance Minister to consider the reduction of GST for health insurance from the current 18 per cent to the lowest slab of 5 per cent. This move will also make health policies more affordable and push more and more people to buy a health cover," Ghosh said.

Standalone health insurance player Niva Bupa Niva Bupa Health Insurance's CEO and Managing Director (MD) Krishnan Ramachandran suggested that the government should consider doubling up the medical insurance limit under Section 80D to Rs 50,000 in light of higher medical expenses post COVID. Echoing similar sentiments, Raheja QBE General Insurance MD and CEO Pankaj Arora said in order to encourage more people to purchase health insurance and to ensure that they purchase the appropriate quantity of coverage, section 80D income tax exemptions should be raised, ideally doubled.

As per Reliance General Insurance CEO Rakesh Jain, for the Union Budget 2022, the government should consider bringing healthcare facilities, such as diagnostic centers, specialty hospitals, wellness facilities, under the 'infrastructure' category. "This will bring in funding from large institutions, including insurance companies that seek and have regulatory obligation of investments in 'infrastructure assets'," he said. The insurance and healthcare sectors need to evolve together to boost access to quality and affordable healthcare to the masses, he said. Willis Towers Watson's Head (India) Rohit Jain said the insurance industry in India is recovering from a difficult year in which life and health insurance claims surged on account of the pandemic.

Understandably, the industry has been pressing for direct and indirect tax sops, primarily for cushioning from the pandemic impact, but also to improve penetration and increase the speed of insurance influence, he said. "That said, it would be a tight rope walk for the government to maintain fiscal prudence by balancing these expectations with the general health of the exchequer, especially considering potential public health related expenditure in managing the pandemic itself," Jain added.

[TOP](#)

Expectations from the Union budget 2022: With special reference to the IVF Healthcare industry - Financial Express - 25th January 2022

Healthcare is one of India's largest sector and due to expanding coverage, service, and increased spending by both public and private players, the industry is developing at an incredible speed. The country has progressively grown as a medical hub, and the fertility industry has played a significant role in making it a preferred destination worldwide. With rapidly changing lifestyles, the advent of new age illnesses, and health problems increasingly becoming an individual priority now; the industry has gradually gained the attention of policymakers.

In this regard, the Assisted Reproductive Technology (ART) sector still requires a huge impetus. Given the growth perception in this sector and multiple players emerging, it can be observed that there has been a tremendous increase in couples opting for In vitro fertilization (IVF) treatment for childbirth.

India's fertility rates have been on the decline over the past two decades. In the National Family Health Survey (NFHS) 2015-16 survey, the national Total Fertility Rate (TFR) was determined to be 2.2, down from 2.7 in the NFHS 2005-06 survey. The latest data from National Family Health Survey reports that the fertility rate in India has been crumbling, with the 2019-21 survey putting it at an all-time low of 2 children per woman. Due to the significant rise in stress and other lifestyle issues regarded as a direct result of pandemic and lockdown, it is clear that IVF will become a main stream need for future generations. So infertility treatments like IVF has to be regarded as part of the mainstream healthcare treatments.

In the future, the upcoming generations of aspiring parents would be seeking such treatments even more than today. Since such treatments are expensive for the masses, we would suggest the government bring IVF treatments under health insurance parameters. Though social stigma prevents couples from considering such treatment, particularly in rural areas and small towns, many couples in metropolitan areas are presently unable to seek benefit since it is not covered by insurance and they cannot afford to continue treatment if necessary. Financial support through insurance will bring much relief to such couples and it will also encourage more penetration of such treatments in small cities/towns. Including fertility treatments in health insurance plans will minimise the financial risks of anyone seeking help. It should also be mentioned that a biological pregnancy is duly covered by insurance, thus we propose that an assisted pregnancy or treatment be financially secured as well. There would be more standardisation and accountability in the system if insurance companies pay for infertility treatments.

The Government's approval of the ART (Regulation) Bill in December and regulating the industry, has paved the way for implementation & adherence of correct practises. The longstanding bill has initiated ways of setting standards and codes of conduct for fertility clinics and sperm banks in the country. It has also bolstered the confidence of couples going for such treatment by bringing more transparency thus allowing them in making an informed decision. More initiatives should be taken for mass awareness, to educate the youth and spread the technology across the nation. IVF's education among masses and knowledge about such treatment will get it socially accepted across which shall further brighten the overall growth prospects of healthcare in India.

(The writer is Dr Kshitiz Murdia.)

[TOP](#)

Importance of Health Insurance Policy During Covid-19 Pandemic – Hindustan Times – 25th January 2022

Health insurance policies are often considered as a mandatory risk cover. Still, a lot of people in our country do not have a proper health insurance policy in place. Again, out of people who have it, many are inadequately insured. Medical costs are rising with every passing day, and it has become important to have a sufficient cover for yourself and your family members.

Now, due to COVID-19 pandemic, it has become all the more important to have sufficient health insurance in place. Hospitals have witnessed bills crossing lakhs due to Coronavirus. The virus has endangered finances of many unprepared individuals.

Introduction of Covid-specific health insurance plans
The Indian government has introduced specific health insurance policies which can help you get through the corona-led tough time. You should go through the details and take advice from your insurance expert before buying the policy. Additionally, there are also some regular health policies that include hospitalization for patients affected by COVID 19.

Covid specific health policies
The Insurance Regulatory and Development Authority of India (IRDAI) instructed all general and health insurance companies to offer short-term Covid specific health policies, Corona Kavach and Corona Rakshak. Corona Kavach is a standard indemnity based health policy being offered by general and health insurers while Corona Rakshak is being offered as a Covid standard benefit based health policy.

If you take Corona Kavach Policy, you will get multiple sum insured options, with multiple sum insured options, starting from ₹50,000 to ₹5 lacs and covers the cost of medical expenses for hospitalisation, home care treatment, pre- hospitalization, post-hospitalization, road ambulance along with AYUSH treatment up to sum insured. All these features have their own policy terms and conditions which you can easily check on the insurer’s website.

Dependency on comprehensive health insurance policies for protection against larger spectrum of diseases including Covid
On retrospection, now most of the prevailing health policies include hospitalization expenses occurred due to Covid 19. These are dependent on terms and conditions, and parameters like exclusions, waiting periods, and pre-existing conditions. If a person is admitted for more than a day, you can claim the insurance. Keep in mind that you might not be able to claim it without hospitalization.

Purchasing a personal comprehensive insurance plan can be a wise thing to do, to keep you covered for a high sum insured, as the plan provides financial protection against not just Covid but also for all infections, diseases and accidents. If you have an inadequate health cover, you should definitely opt for Covid coverage because treatment for Covid can be expensive and can exhaust the entire insured sum of yours for the year. In order to make a decision, it is crucial for you to understand the benefits of Covid 19 policy over basic or comprehensive health insurance policy.

Things to be mindful about while purchasing health insurance plans, keeping the current pandemic situation in mind:
Due to the pandemic, we have understood the significance of purchasing a health insurance policy. The demand is considerably rising in this segment, and insurance companies are coming up with a variety of policies for us, which are customized for different scenarios.

Step one is to invest in an adequate no-compromise health insurance plan to secure an individual’s and a family’s not just the current healthcare requirements, but also the ones we are likely to require at every stage of life. As health insurance plans range from indemnity to benefit-based plans to individual health plans to critical Illness insurance, you should do your research well before purchasing one. It is also recommended that you understand the details of sub-limits where you might have to pay a portion of the expenses of the hospital.

You should also be aware of the co-payment feature in the health policy. The most significant thing for you is to be cognisant about the premium amount, which is based on multiple parameters such as residence city, hospital costs in your city, family members, and senior citizens. It might be complex for you to understand all the attributes; therefore, you must take advice from a financial consultant or advisor who would help you understand the integrities of the health insurance policies and benefits as required.

TOP

India Health Insurance Market Showing Prolific Growth: Forecast to Grow at a CAGR of 10.1% by 2027 - BlueWeave Consulting - 25th January 2022

Health insurance is emerging as a powerful financial management tool for Indian people seeking health care. The increasing burden of various health issues and chronic medical conditions among all age groups in the country are driving India's health insurance industry.

A recent study conducted by the strategic consulting and market research firm BlueWeave Consulting revealed that the India health insurance market is estimated to grow at a CAGR of 10.1% during the forecast period of 2021-2027. India's health insurance market is witnessing robust growth due to the changing lifestyle and the increasing burden of various health issues and chronic medical conditions among all age groups. In addition, the government is taking various steps to boost the adoption of health insurance among the general public. NITI Aayog recommends strengthening regulatory mechanisms in order to restore the faith of the missing middle class in health insurance. In addition, low-cost policies and the burgeoning private-public infrastructure in India are contributing to the growth of this market.

Various Government Schemes, coupled with Tax Benefits of Health Insurance, are Propelling the Market Growth.

With the launch of the National Health Protection Scheme under Ayushman Bharat in September 2018, which aims to provide insurance coverage of up to INR 500,000 (USD 7,723) to more than 100 million vulnerable families, it is expected that healthcare insurance penetration in India will rise from nearly 34% to 50%. Tax reforms in India provide several tax benefits and deductions on health insurance to boost the awareness and accessibility to these policies among the masses. For instance, under Section 80D of the Income Tax Act 1961, the health insurance premiums paid by individuals to buy policies for themselves and their parents are tax-deductible. Moreover, the purchase of health insurance coverage for oneself, spouse, and children can save up to Rs. 25,000 (approx USD 328) as tax deductions. The above-mentioned factor acts as a key market driver prompting demand for health insurance across India in current and upcoming years.

Increasing Adoption of Insurtech in Health Insurance is Powering the Market
India is emerging as the most prominent and attractive market for the growth of Insurtech. The adoption of Insurtech is anticipated to provide lucrative growth opportunities to the health insurance market as well. Through the application of advanced technologies, such as cloud computing, AI, IoT, etc., health insurance providers can focus on improving user experience and overall customer engagements. To achieve this, health insurance providers are establishing partnerships with Insurtech companies as well. For instance, in August 2021, ICICI Prudential Life Insurance tied up with the National Payments Corporation of India (NPCI) to provide a unified payments interface autopay.

An Increase in the Cost of Health Insurance Premiums is Expected to Hinder the Market Growth

Healthcare expenses, such as cost of medicines, hospital admission fees, and numerous other treatments, have caused insurance companies to raise premium rates. Further, a large number of people around the world are afflicted with chronic diseases such as diabetes, Alzheimer's, and heart disease. This has pushed the cost of treating chronic diseases to levels that are out of control. Because of this, insurance companies have to deal with high claim settlement costs, making the market growth unpredictable.

India Health Insurance Market - By Demographic

Based on demographics, the India health insurance market is segmented into minors, adults, and senior citizens. Among these, the senior citizens held the largest market share in 2020. Increasingly, geriatric populations between the ages of 65 and 80 are most vulnerable to medical emergencies, which is why health insurance is of paramount importance for providing the financial support necessary. However, the adult segment is expected to grow at a faster pace during the forecast period because of increased awareness of healthcare among this demographic.

India Health Insurance Market - Regional Insights

Geographically, the India health insurance market is segmented into North India, South India, West India, and East India. Among these regions, the Western part of India dominates the country's health insurance market. However, South India is also emerging with a great growth potential in the health insurance market. States like Andhra Pradesh, Tamil Nadu, Telangana, etc., are leading the market with increasing health insurance penetration. Additionally, the growing preference for private hospitals and structured public healthcare systems in these regions plays a crucial role in propelling the overall market growth. Furthermore, the presence of significant health insurance providers, such as Max Bupa, Care Health, Manipal Cigna, etc., is also driving the market growth in South India.

Impact of COVID-19 on India Health Insurance Market

India health insurance witnessed tremendous growth after the unprecedented COVID-19 pandemic outbreak. During the initial phase of the pandemic, there was a lot of confusion over whether or not an individual's current insurance plan covered coronavirus infection. Therefore, to provide relief to their citizens from the pandemic, The India government developed various health insurance policies and laws. Furthermore, the pandemic altered people's perceptions of medical and health insurance programs, and they began to understand the value of health insurance and its advantages. Additionally, during the global health crisis, health insurance companies in India rapidly switched to Insurtech solutions to make their policies more accessible to customers.

Furthermore, the companies digitized their offerings to drive sales of health insurance policies by utilizing their websites. Moreover, health insurers in India are analyzing a rise in coronavirus infections in the third wave and a surge in inpatient claims before considering raising their premium rates. Hence, the significant surge in demand for Coronavirus Health Insurance to avail financial support during COVID-19 treatment have been playing a crucial factor in driving the India health insurance market.

India Health Insurance Market - Competitive Landscape

The leading players in the India health insurance market are National Insurance Co. Ltd., Go Digit General Insurance Ltd., Bajaj Allianz General Insurance Co. Ltd., Cholamandalam MS General Insurance Co. Ltd., Bharti AXA General Insurance Co. Ltd., HDFC ERGO General Insurance Co. Ltd., Future Generali India Insurance Co. Ltd., The New India Assurance Co. Ltd., SBI General Insurance Co. Ltd., Reliance General Insurance Co. Ltd., and other prominent players.

The market is highly consolidated and dominated by established players, such as Bharti AXA, SBI General Insurance, HDFC ERGO, etc., who enjoy a strong consumer base due to their strong industry position. Insurance companies in India offer a variety of policies based on illnesses, age demographics, finances, etc., to cover a larger share of the market. In addition, they utilize social media influence and advertising to create awareness of health insurance benefits. Furthermore, the adoption of competitive strategies, such as partnerships, mergers, acquisitions, joint ventures, etc., is also prominent in this market.

The report's in-depth analysis provides information about growth potential, upcoming trends, and the India Health Insurance market statistics. It also highlights the factors driving forecasts of total market size. The report promises to provide recent technology trends of the India Health Insurance market and industry insights to help decision-makers make sound strategic decisions. Furthermore, the report also analyses the market's growth drivers, challenges, and competitive dynamics.

Scope of the Report

Attributes	Details
Years Considered	Historical data – 2017-2020
	Base Year – 2020
	Forecast – 2021 – 2027
Facts Covered	Revenue in USD Billion
Market Coverage	North India, South India, West India, East India
Product Service/Segmentation	By Plan Type, By Demographic, By Provider, By Region
Key Players	National Insurance Co. Ltd., Go Digit General Insurance Ltd., Bajaj Allianz General Insurance Co. Ltd., Cholamandalam MS General Insurance Co. Ltd., Bharti AXA General Insurance Co. Ltd., HDFC ERGO General Insurance Co. Ltd., Future Generali India Insurance Co. Ltd., The New India Assurance Co. Ltd., SBI General Insurance Co. Ltd., Reliance General Insurance Co. Ltd., and other prominent players.

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Over 95 pc waste pickers in India without health insurance, 40 pc have no bank accounts, sanitation coverage: UNDP – Jagran - 25th January 2022

Over 95 per cent safai sathis or waste pickers in India do not have health insurance coverage, United Nations Development Programme's baseline assessment of socio-economic status of waste pickers in India said on Tuesday. The assessment that covered 9,300 safai sathis in 14 cities across India, also showed that 40 per cent safai sathis do not have a bank account, with just 21 per cent of the Safai Sathis reporting the access to Jan Dhan Yojana bank accounts. The access and use of digital payment methods was found to have an even lower proportion, the assessment said.

40 per cent Safai sathis without access to sanitation facilities

The UNDP assessment on the socio-economic situation of waste pickers, which was released by NITI Aayog CEO Amitabh Kant on Tuesday, found that only 60 per cent of safai sathis had access and use of sanitation facilities, meaning 4 in 10 safai sathis were found to be without access to sanitation facilities.

Temporary sheds and rented housing were reported as the most common forms of accommodation by safai sathis.

Except Aadhaar and Voter id, other forms of IDs 'severely lacking'

The assessment, that was undertaken as part of Project 'Utthaan – Rise with Resilience' under UNDP's Plastic Waste Management Programme found that while Aadhaar and voter cards were owned by more than 90 percent and 60 percent safai sathis respectively, all other forms of identification such as birth, income, caste, and occupation certificates were found to be severely lacking across the community.

At the same time, wood-based fuels for cooking were recorded at par with cleaner alternatives.

Formulate welfare framework, initiate skilling framework: UNDP on empowering safai sathis
On the basis of its baseline socio-economic assessment, UNDP came up with four broad policy recommendations, that include:
1. Formulation of a welfare framework to design social protection schemes for Safai Sathis.
2. Strengthening and formalizing the economic contributions of this community.
3. Initiating skilling programmes and exploring alternate livelihood opportunities.
4. Expanding and increasing the uptake of social safety nets among the Safai Sathis.

UNDP says that its plastic waste management programme is currently operational in 35 cities, in partnership with corporates and urban local bodies for sustainable waste management practices. The plastic collected and processed so far has already crossed 83,000 metric tonnes while reaching out to 5,000 safai sathis, it adds.

'Safai sathis are invisible environmentalists': NITI Aayog CEO
NITI Aayog CEO Amitabh Kant, at the launch of UNDP's baseline analysis of socio-economic status of waste pickers, said that safai sathis or waste pickers are the invisible environmentalists, and play a significant role in waste recycling in India. "The social inclusion of informal workers is crucial for sustainable plastic waste management. I am hopeful that the findings from this baseline analysis will help address the vulnerabilities of waste pickers. NITI Aayog is happy to support UNDP and nodal ministries such as the Ministry of Housing and Urban Affairs and MoSJE," he added.

"Safai Sathis play a key role in plastic recycling. With the findings and evidence from UNDP's first-ever comprehensive analysis on the socio-economic status of the Safai Sathis, we will work with the urban local bodies and government departments to build programmes and outreach that have a meaningful impact in the lives of Safai Sathis," said Shoko Noda, Resident Representative, UNDP India.

TOP

Not in Covid protocol, but cocktail therapy claims flood insurers in Kolkata – The Times of India – 25th January 2022

Insurers and third-party administrators (TPA) in Kolkata are witnessing a flood of queries and claims for Covid antibody cocktail therapy following insurance regulator IRDA's nod to the treatment earlier this month. Several hospitals have introduced day-care packages for the treatment and a number of claims for these have been registered with TPAs in the last fortnight. Cocktail therapy has been removed from essential Covid treatment protocol in Bengal. But hospitals continue to use it, especially on elderly patients with comorbidities.

Sujay Mitra, assistant manager at National Insurance and a part of its medical team, said in the last few days the company had received multiple queries from both retail and corporate customers on antibody cocktail therapy. "We have received and settled some claims as well. But we think more claims will be made in the next 10-15 days as some claims were rejected prior to the IRDA advisory. It will take some more days to correctly assess the number of such claims," he said. As per established norms, reimbursement claims can be filed within 30 days of hospitalisation.

(The writer is Udit Prasanna Mukherji.)

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India dental insurance market size is expected to reach $3.65 Billion by 2030 - Insurance News Net - 24th January 2022

Allied Market Research published latest report, titled, "India Dental Insurance Market by Coverage (Dental Preferred Provider Organizations (DPPO), Dental Health Maintenance Organizations (DHMO), Dental Indemnity Plans, and Others), Type (Major, Basic, and Preventive), Demographic (Senior Citizens, Adults, and Minors), and End User (Individuals and Corporates): Country Opportunity Analysis and Industry Forecast, 2021–2030." According to a recent report, the India dental insurance market size was valued at $0.67 billion in 2020, and is projected to reach $3.65 billion by 2030, growing at a CAGR of 18.5% from 2021 to 2030.

The report highlights numerous factors that influence the growth of the global India Dental Insurance Market such as market demand & forecast and qualitative and quantitative information. The qualitative data of market report includes pricing analysis, key regulations, macroeconomic factors, microeconomic factors, key impacting factors, company share analysis, market dynamics & challenges, strategic growth initiatives, and competition intelligence.

Key Players Analysis:
The major players profiled in the India Dental Insurance Market report include, Allianz, Aetna Inc., AXA, Cholamandalam MS General Insurance Company Ltd, Cigna HDFC ERGO Health Insurance Ltd. (Apollo Munich), ICICI Prudential , Life Insurance Corporation of India , MetLife Services and Solutions, LLC, and Tata AIG General Insurance Company Limited.

Top winning strategies are analyzed by performing a thorough study of the leading players in the global India Dental Insurance Market. Comprehensive analysis of recent developments and growth curves of various companies help to understand the growth strategies adopted by them and their potential effect on the market. The analysis indicates the performance potential of a firm in the market with respect to its competitors. Every company follows its own business strategy to attain the maximum market share. The companies were evaluated depending on annual reports, SEC filings, and press releases.

Key Data Points Included in India Dental Insurance Market Report
- The India Dental Insurance Market analysis covers detailed information pertaining to industry and major industry participants.
- Porter’s five forces analysis helps to analyze the potential of buyers & suppliers and the competitive scenario of the industry for strategy building.
- Major countries have been mapped according to their individual revenue contribution to the regional market.
- The report outlines the current market trends and future scenario of the global India Dental Insurance Market to understand the prevailing opportunities and potential investment pockets.
- The key drivers, restraints, and opportunities and their detailed impact analysis are elucidated in the study.

In term of quantitative analysis, AMR offers market sizing in terms value. Furthermore, the study covers market forecast till 2027 along with its compound annual growth rate at segment and country level. Along with this, key market trends and Y-O-Y are covered under the same section/analysis.

COVID-19 Impact Analysis
The eruption of the COVID-19 pandemic is projected to have a huge impact on the economic and social development. Therefore, the report portrays micro- and macro-economic analyses. The report further provides a qualitative analysis of impact of COVID-19 on the India Dental Insurance Market. Moreover, the study emphasizes on the market size and share, which will reflect the impact that COVID-19 has had on the India Dental Insurance Market in 2022 and is likely to have in the subsequent years. In addition, the report outlines the key strategies adopted by key players during the global health crisis. Moreover, it provides a framework on the impact of COVID-19 on the supply chain. Moreover, the roll-out of vaccines and decline in chance of infection are expected to influence the India Dental Insurance Market growth. Therefore, the report provides post COVID-19 impact analysis.

Segmental and Competition Dashboard
In the segmental analysis chapter, the report provides key trends, dynamics, qualitative and quantitative information related to each product segment. The report segments the global India Dental Insurance Market based on financial services, distribution channel. This analysis will be covered at regional and country level for current and estimated years, i.e., 2022–2027.

Competition dashboard offers key information related to market structure and market share analysis for top players. Along with this, company profiles will be covered under same section, which includes company description, financial analysis, and key developments. The report further features these companies in the competitive landscape chapter, which covers product/service mapping of top players, competitive dashboard, competitive heat map, and key developments between forecast period.

Key Market Segments
By Coverage
• Dental Preferred Provider Organizations (DPPO)
• Dental Health Maintenance Organizations (DHMO)
• Dental Indemnity Plans
• Others
By Type
• Major
• Basic
• Preventive
By Demographic
• Senior Citizens
• Adults
• Minors
By End User
• Individuals
• Corporates

TOP

Will health insurance policies cover the Omicron variant? – Moneycontrol – 24th January 2022

The instances of Covid-19 and its new variant Omicron have been increasing at an alarming rate across the country. Face masks, hand sanitisers, social distancing apart, getting a health insurance policy has become more crucial now. A health insurance policy will ensure that we don't face any financial emergencies and our healthcare expenses are taken care of.

Health insurance options that cover Omicron
Looking at the growing number of cases of the Omicron variant, the IRDAI announced that all health insurance policies covering Covid-19 will also cover its new variant, Omicron. A comprehensive health insurance policy covers hospitalisation expenses incurred for all illnesses and injuries, including Covid-19 and its variants. This policy is renewable for a lifetime, and hence, will take care of your healthcare needs both in the short and long term. There, however, might be some restrictions that come with comprehensive health insurance, such as - waiting period for pre-existing and other conditions, sub-limit or eligibility cap on rent limit, etc. You must be aware of these conditions before making the purchase.

COVID-19 special policies: Corona Rakshak & Corona Kavach
Introduced in March 2020 by IRDAI, Corona Kavach and Corona Rakshak are short-term health plans designed specifically for Covid-19. Both these policies will cover treatment costs of COVID-19 and all its variants including Omicron. Corona Rakshak is a fixed cash benefit policy that will pay up to INR 2.5 Lakhs if you're infected with Covid-19 or any of its variants and are hospitalized for 72 hours or more. Corona Kavach, on the other hand, will reimburse the actual expenses incurred if you undergo hospitalization for Covid-19 or its variants for more than 24 hours.

You might find it a bit difficult to get either of these policies because they turned out to be loss-making products for the insurers, which is why many have stopped selling them. Even if you do get one, you should know that these plans are not a substitute for comprehensive health insurance. They are just short-term health insurance plans that cover Covid-19 and its variants. It is important that you and your family have a comprehensive health insurance policy that will cover hospitalization expenses of all kinds of ailments, infections, and injuries - and not just Covid-19. And it is important that you get it NOW.

Criticality of health insurance
Health insurance to become more difficult to get
The last two years were very hard on the insurers. They faced huge losses as they had to pay out more in claims than they collected in premiums. Now, the only way to make up for these losses is by increasing the premium rates, making the underwriting guidelines even stricter, and being more cautious before issuing a health insurance policy.

You might not get health insurance later
Health insurance works like an emergency loan. Like you cannot get a loan when you have a bad credit score, if you're diagnosed with a serious disease and desperately want a health insurance policy, it might become very difficult for you to get one. This is because insurers are under no obligation to offer you coverage. They are for-profit companies and if you're too risky for them to cover, they may straightaway reject your proposal - or issue you a cover but with a lot of restrictions and expensive premiums.

Healthcare inflation is increasing
Healthcare inflation is another factor why you should consider purchasing a health insurance policy immediately. In India, healthcare inflation is way more than retail inflation. And, healthcare costs are increasing exponentially too. If you or anyone in your family undergoes hospitalization, it would create a huge hole in yourf pocket and all your personal savings would be gone in the blink of an eye. So, not only is it important that you have health insurance, but it is also crucial that you have a cover that will be sufficient 20 to 30 years down the line (considering healthcare inflation of 5-8 percent).

(The writer is Mahavir Chopra.)

TOP

Individual health covers see growing demand as Covid cases surge: Digit – Live Mint – 24th January 2022

Cloud-based general insurance company Digit Insurance has released a study on the trends in demand for health insurance amid a surge in the number of Covid-19 cases across the country. The study, that compared Digit's data for health products between 1 November and 31 December last year with the same period in 2020, revealed a 98% rise in demand for retail health covers.

Key highlights from Digit's study:
- Demand for health cover increased 2x times between November and December 2021, compared to same time in 2020.
- The increase in demand was seen across all retail health insurance products like Digit Health Care Plus, Digit Arogya Sanjeevani and Digit Corona Kavach.
- Number of lives covered under group health covers surged by over 170%.
- While demand for health covers has gone up, the average sum insured across products dropped by 17%. This indicates that more people are buying health insurance but with lower sum insured.

- The demand for health insurance in big cities such as Mumbai, Kolkata and New Delhi increased by 104.4% in 2021 led by Bengaluru, New Delhi and Ahmedabad.
- The demand for health cover from small cities such as Nashik, Rajkot and Vadodara increased by 95% in 2021. A large share of the demand came from Gurugram, Thane and Vadodara.

Vivek Chaturvedi, Chief Marketing Officer and Head of Direct Sales, Digit Insurance said, “Ever since the onset of the pandemic, more people are realizing the need for adequate financial cushion and are actively seeking health covers." “There are two trends that stand out. First is the overall increase in demand for health covers and second is the sharp rise in the number of lives covered under our group health products," Chaturvedi said. He added, "The pandemic has definitely made more individuals and employers realize the impact of the skyrocketing medical expenses, in turn encouraging them to buy health covers. We believe the overall demand would settle on a higher trend even though it could flatline once the current wave is brought under control."

TOP

Insurers push for cut in GST on health policies – The Indian Express – 24th January 2022

With Covid pandemic still playing havoc in the country, the insurance sector is pushing for a reduction in the GST on health policies to bring more people under the insurance umbrella.

Overtaking the motor segment, the health sector has already become the fastest growing segment in the insurance sector after the pandemic hit the country in March 2020 and medical costs surged.

Currently, protecting health is paramount and in this context, a health insurance should be viewed as an essential commodity, insurance experts said. “I would request the Finance Minister to consider the reduction of GST for health insurance from the current 18 per cent to the lowest slab of 5 per cent. This move will also make health policies more affordable and push more and more people to buy a health cover,” said Shanai Ghosh, Executive Director & CEO, Edelweiss General Insurance.

Further, due to the uncertainty spurred by the Covid-19 pandemic, health insurance has become an everyday need in order to protect oneself from uncertainties and more relevant than ever. “The government should consider a drastic reduction in the GST applicable on health insurance premiums which is currently charged at 18 per cent. This will encourage people to purchase health insurance and additional top-up plans to protect themselves from medical crises and emergencies,” said Roopam Asthana, CEO & Whole-Time Director, Liberty General Insurance.

Covid has shaken people and made them realise the importance of having a health insurance, insurance experts said. However, to close down on the gap between realisation and intention to actually buying health insurance, it would really help if the government could consider increasing the tax deduction limit under section 80D of the Income Tax Act for health policies. Given the high medical costs, a higher tax rebate will ensure more disposable income with the growing middle class, thereby encouraging them to buy the much-needed health policy, Ghosh said.

Currently, protecting health is paramount and in this context, a health insurance should be viewed as an essential commodity, insurance officials say.

“In the upcoming union budget, we request the government to intensify steps towards increasing insurance penetration in the country, since even today a large part of the population in the country still remains underinsured or uninsured,” Asthana said. As per IRDAI’s Annual Report-2020-21, insurance penetration in India stands at 4.2 per cent of the GDP as against the global average of 7.4 per cent, and as of March, 2021 the non-life insurance penetration in India stood at barely 1 per cent.

According to insurance regulator IRDAI, premium collected under health insurance policies rose 28.78 per cent to Rs 54,235 crore during the nine-month period December 2021 as against Rs 42,113 crore in the same period of last year. New India Assurance, the largest player in the segment, reported a premium collection of Rs 12,050 crore in the 9-month period as against Rs 8,212 crore last year, a rise of 46.73 per cent. Insurers have also reported a jump in Covid claims in the last one year. The average Covid claim worked out to Rs 1.23 lakh per person, and the average settlement to Rs 91,287 as of September 2021.

According to insurance sector officials, hospitals keep on changing tariffs on a regular basis. There is no body to regulate the hospitals on the tariff structure and grading. There's no uniformity in tariff structure in hospitals across the country. When Covid hit the country last year, patients were fleeced by some hospitals. However, the regulator does not allow insurance companies to raise premium every year though there is around 10-15 per cent inflation of hospital charges at present.

However, insurance officials said the regulator currently doesn't have the infrastructure to regulate the hospitals. "As healthcare is a state subject, it's going to be a tough proposition for IRDAI to regulate the hospitals," said an official. With hospitals across the country following different tariff structure, a top IRDAI official had recently proposed that either there must be a separate regulator for the healthcare segment or that the IRDAI must be allowed to regulate hospitals.

(The writer is George Mathew.)

TOP

Mis-selling in health insurance – The Hindu – 23rd January 2022

Insurance is unique among products, especially financial products, in that the contract is based on a few underlying principles that are immutable. They include Insurable Interest, Indemnity and Subrogation and one of the important principles is that of Utmost Good Faith.

This principle, *uberrimae fidei* in Latin, says that BOTH the insurer and the insured must disclose all material facts before the policy inception. A Material Fact is one that has a bearing on the risk proposed to be covered and hence the insurer's decision whether to cover it, and if so, at what (premium) rate and terms.

If the principle were binding only on the insured, we can brush it away with cynicism that the big, bad corporate will always have the upper-hand and the buyer will just have to beware. But Utmost Good Faith is binding upon the insurer also making it a more equitable contract. Arguably the most customer interest is for health insurance. It is also the type of insurance that makes for quite some embittered customers.

Part of the reason lies with misleading or partial information from the seller's side, and part with the casual approach of the buyer and his presumptions. Let us see typical examples of mis-selling and mis-buying in health insurance and how you can steer clear.

Expectation, reality
By far the biggest gap between expectations and reality in health insurance is that many insureds think everything is covered and that it will be an all expenses paid in full deal up to the sum insured. If you are one of them, stop and see your policy document. It clearly spells out what is covered and what is excluded and never covered. It also spells out what is covered after a specified waiting period of unbroken coverage. No claims in the first 30 days except if due to an accident, pre-existing diseases are covered after a waiting period of 48 months of unbroken coverage, some procedures and treatments are covered after a waiting period of 12 or 24 months… these are the broad parameters of typical hospitalisation insurance covers.

Sub-limits

A second type of mislead is the sum insured itself. Insurers usually start you off with a lower sum insured and you can enhance it later on. Each enhancement has the same waiting period conditions tagged to it. But the devil is in the details and this one is called sub-limits. It will be clearly spelt out in the policy document that you will be eligible for only 1% of your sum insured as daily hospital room rent. So, with a ₹3 lakh policy you can opt for a ₹3,000 room and get reimbursed in full.

Or, you can upgrade yourself to a ₹4,000 room but the policy will pay only ₹3,000. Still sounds ok to you? There is more. Actually, there is less. Almost all hospital costs like medical professionals' fees and ICU charges are linked to your room rent. So, you will get only three fourths of each of these expenses. This is rarely spelt out at the point of sale and so, we buy a policy and enter a zone of false comfort. If this is not spelt out to you when you buy, that is mis-selling. To protect against that, regulations require you to sign an undertaking that details have been explained to you and you have understood them. You should take this undertaking seriously since you are signing your assent.

Another point you must seek clarity on is, who is covered by the sum insured. Family policies are attractive as they are packages and have a lower premium rate with a discount. But do see if it is a floater sum insured or individual sum insured because that can make all the difference. Floater sum insured offers the entire amount across family members, and hence the premium is lower, while individual sum insured is the opposite. It is your view to take on which will work better for you. Don't go by the seller's focus on lower premium alone. If there is a lower premium, there will be a reason for it. Find it, own it and then buy the policy.

Indemnity, benefit policies

Similar issues will arise if you buy without clarity on indemnity and benefit policies. Indemnity policies make good your expenses on hospitalisation. Benefit policies pay on diagnosis and you can make a claim on it in addition to your indemnity policy claim as payment is not against actuals. Buying health insurance is a one time decision but requires your total attention. Just as you would choose your hospital or surgeon!

(The writer is K Nitya Kalyani.)

TOP

Union Budget 2022: Experts seek Universal health insurance in times of Covid - Zee News – 22nd January 2022

Finance Minister Nirmala Sitharaman is all set to present the Union Budget 2022 on February 1 with the experts seeking Universal health insurance in the aftermath of the Covid-19 crisis which has crippled all the sectors.

"Benefits and need of insurance (specially health insurance) was felt by every Indian during the pandemic. Government may aim for universal health insurance albeit through direct funding by incentivizing private insurance sector. Measures such an increase in the tax deduction limits and exemption from GST on insurance premiums, to improve social protection are expected" Arun Singh, Global Chief Economist, Dun & Bradstreet said.

Singh also stressed upon the need to enhance limit of 8 years for carry forward.

"The Insurance industry has suffered huge blows during the pandemic, with increasing a long gestation period, the limit of eight years for carry forward and set-off of losses may be enhanced for insurance businesses," he added.

Meanwhile, Suresh Agarwal, MD & CEO, Kotak Mahindra General Insurance said that the pandemic has taught us the importance of having a health insurance plan. "My wish list from the budget is to see the health insurance sector receiving further impetus through boosters like a lower GST rate and higher exemption limits by the hon'ble finance minister," Agarwal added.

Srinath Mukherji, Co-Founder, SANA Insurance Brokers Pvt. Ltd has urged the government to reduce GST on health insurance, since medical services have either Nil GST or at a lower rate. "It is a disincentive for the customer to take much needed health insurance. That amount could instead be utilized for buying higher coverage, thus getting full value for money and making health insurance more affordable for buyers," he said.

TOP

CROP INSURANCE

Fasal Bima cover sees a big drop – Financial Express – 27th January 2022

The Pradhan Mantri Fasal Bima Yojana (PMFBY), the crop insurance scheme jointly sponsored by the Centre and states, is facing the twin problems of many state governments ceasing to fund it and wheat farmers in many states losing interest in the scheme, as crop failures have become rarer due to improved irrigation.

While last kharif (2021) and rabi (2020-21) seasons saw a spurt in both the number of farmers and crop areas covered under the scheme, and also the sums insured due to the uncertainties caused by the pandemic, very low claim to premium ratios were reported in both the seasons – 17% (provisional) of summer crop and 40% for winter crop.

This has had a telling impact on the PMFBY cover for the rabi crop that has just been sown. With a number of states, including Gujarat, Bihar, Telangana and West Bengal, dropping out, the enrolment of farmers under PMFBY for rabi 2021-22 crop fell by 12% to around 1.7 crore compared to the previous winter crop. In terms of the sum insured, the drop has been much sharper at 52% – Rs 39,232 crore in 2021-22 rabi season against Rs 82,378 crore in the previous rabi season.

Sources say Gujarat's exit and large sections of wheat farmers from Madhya Pradesh and Haryana opting out of the insurance cover are the prime reasons for the big decline in sums insured. Correspondingly, cultivated areas covered under rabi crops, including wheat, millets, oilseed, pulses, etc, have dropped by more than 51% to close to 82 lakh hectare rabi 2021-22 compared to 167 lakh hectares covered in the previous year. More than 88% of the farmers enrolled in PMFBY for rabi 2021-22 belong to five states – Rajasthan, Tamil Nadu, Madhya Pradesh, Maharashtra and Chhattisgarh. Currently, 18 states and Union Territories are implementing PMFBY. Overall, farmers' enrolment in 2021-22 season in both kharif and rabi seasons have risen marginally by 7% to 6.6 crore compared to 6.1 crore reported in 2020-21. In terms of value of sum insured, however, there was a drop of 60% in 2021-22 season to Rs 1.4 lakh crore in comparison to 2020-21 season.

According to the agriculture ministry estimates, there are around 14 crore farmer families in the country. Sources said several states dropping out of the crop insurance scheme because of fiscal constraints and the government making the scheme voluntary for the farmers have led to a stagnation in PMFBY coverage. An official associated with a leading crop insurance company said that farmers in the irrigated regions of Uttar Pradesh, Uttarakhand and some other states are not joining PMFBY as they perceive low risk to their crops from experiences in recent years.

Under the heavily subsidised PMFBY, the premium to be paid by farmers is fixed at just 1.5% of the sum insured for rabi crops and 2% for kharif crops, while it is 5% for cash crops. The balance premium is equally shared amongst the Centre and states and in case of North-Eastern states, the premium is split between the Centre and states in 9:1 ratio. In February 2020, the government made the PMFBY voluntary for the farmers while previously it was mandatory for the farmers to take insurance cover under the scheme.

The Punjab government hasn't adopted PMFBY's since its 2016 launch, while states like Gujarat, Andhra Pradesh, Telangana, Jharkhand, West Bengal and Bihar exited the scheme, because of "higher cost of premium subsidy" to be borne by them. Many states have asked for capping of premium subsidies under PMFBY. Last year, the government constituted a working group comprising officials from Centre, key crop-producing states and senior officials of the state-owned insurance companies to suggest 'sustainable, financial and operational models,' for PMFBY. The committee has conducted several meetings in the last couple of months.

The government has identified hardening of the premium market, lack of sufficient participation in tenders, inadequate underwriting capacity of insurers among factors preventing adoption of PMFBY on a large scale. At present, there is no fixed premium rate under PMFBY implemented by states. The rates vary from area to area and from crop to crop. Actuarial premium rates levied by the insurance companies are determined through bidding conducted by the states.

(The writer is Sandip Das.)

[TOP](#)

REINSURANCE

Issuance of Insurance Policy by Insurer, taking of Re-insurance by it, is a continuous process, Service Tax benefit allowable: Rajasthan HC [Read Order] – Tax Scan – 26th January 2022

The Rajasthan High Court has held that the issuance of insurance policy by insurer, taking of reinsurance by it, is a continuous process and the Service Tax benefits are allowable. The appeal is filed by the revenue to challenge the judgement of Customs, Excise and Service Tax Appellate Tribunal, New Delhi dated 04.03.2020. The questions of law suggested by the revenue would show that the department objects to the respondent-assessee, Shriram General Insurance Company Limited claiming benefit of the service tax paid on reinsurance as allowable input service. We may record that the issue pertains to the period prior to 1.4.2012.

The respondent, who is an insurance company, had been depositing its service tax on the amount of insurance premium. In the process the assessee had availed amount of input service credit on the basis of invoices issued by other insurance companies with whom the assessee had a pooling agreement. The Commissioner was of the opinion that the assessee was not entitled to claim such credit. The Commissioner referred to the definition of term input service as contained in Rule 2(l) of the CENVAT Credit Rules, 2004 as it was prevailing at the relevant time and came to the conclusion that the assessee was not entitled to claim such credit on input service.

The assessee carried the matter in appeal. The tribunal allowed the appeal mainly proceeding on the basis of the judgement of the Division Bench of the Karnataka High Court in case of Commissioner of Central Excise, Bangalore Vs. PNB Metlife India Insurance Co.Ltd. reported in (2015) 51 GST 504 (Karnataka). The Tribunal noted that the decision of the PNB Metlife had been accepted by the revenue. In the said case, the Court was concerned with the allowability of the service tax paid on reinsurance premium as input service. The Division Bench referred to the provisions contained in rule 2(l) of the CENVAT Credit Rules, 2004 and observed that such re- insurance was required in terms of Section 101A of the Insurance Act, 1938.

The division bench headed by Chief Justice Akil Kureshi and Justice Sameer Jain has noticed that the term re- insurance has been defined under Section 2(16B) of the Insurance Act, 1938 as to mean the insurance of portion of one insurer's risk by another insurer who accepts the risk for a mutually acceptable premium. Section 101A of the Act makes it compulsory for every insurer to re-insure such a percentage of the sum insured on each policy as may be specified by the authority with a previous approval of the Central Government.

"Under the circumstances we do not see any scope for deviating from the ratio in the case of PNB Metlife (supra). Incidentally we may record that the tribunal has also seen the entire situation as revenue neutral. Be that as it may, no question of law arises," the court noted.

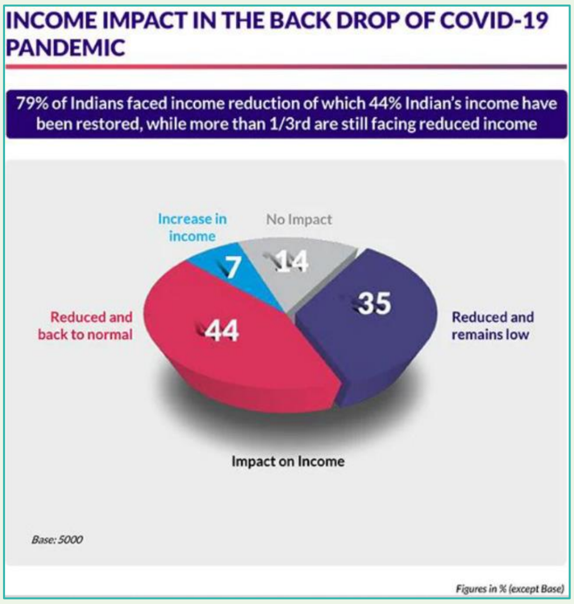
(The writer is Mariya Paliwala.)

[TOP](#)

SURVEY & REPORTS

Life insurance holds the key to strong financial immunity: SBI Life's Financial Immunity Survey 2.0 - Business Standard – 27th January 2022

The Covid-19 pandemic has been a disruptor in more than one way. It has had a far-reaching effect on businesses and people's lives. It has caused individuals to become hyper-aware of the financial risks associated with severe illness and mortality. In a way, it has been a wake-up call while highlighting the importance of building physical immunity as well as having a strong financial immunity. At least 80% of Indians feel strongly prepared towards physical immunity which has come from taking a double dose of vaccination and adopting a healthy lifestyle. About 74% of Indians are completely vaccinated which gives them the boost to be physically immune. Similarly, about 57% of Indians feel financial immunity is equal to being financially secure and stable. In addition, 78% Indians feel that insurance is extremely important in the overall financial planning process.



SBI Life commissioned the 'Financial Immunity Survey 2.0' with NielsenIQ (India), reaching out to 5,000 respondents across 28 key cities covering the length and breadth of India.

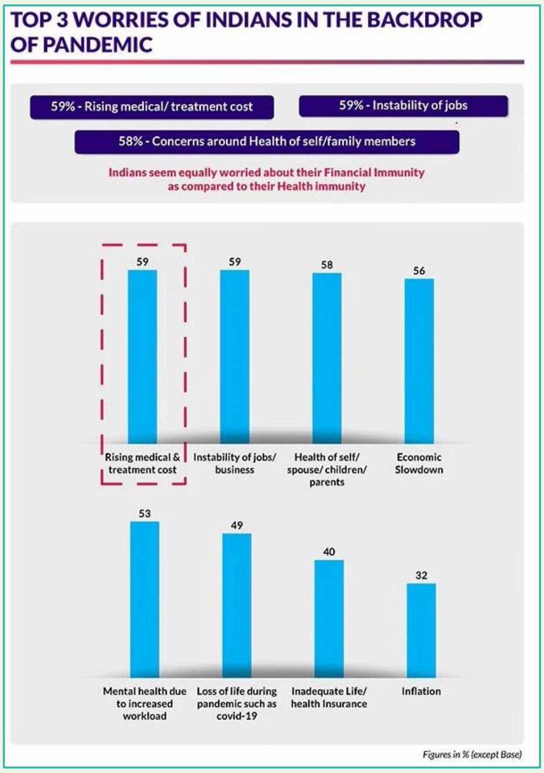
Focus areas of the survey:
Impact of vaccination on consumer attitude
Change in behaviour/actions after a year of coping with the pandemic
The evolving role of life insurance in one's financial planning process

In the context of uncertainties around jobs, pay cuts, in addition to health concerns, the need for building financial immunity has gained further currency. In fact, 79% of Indians have faced income reduction, of which only for 44% of citizens' income have come back to normal. However, 35% of Indians are still facing income cut, as per the findings of the survey.

This has led to an impact for 64% of Indians on their key milestones related to accumulating wealth/savings, travelling, providing for children's education, to list a few

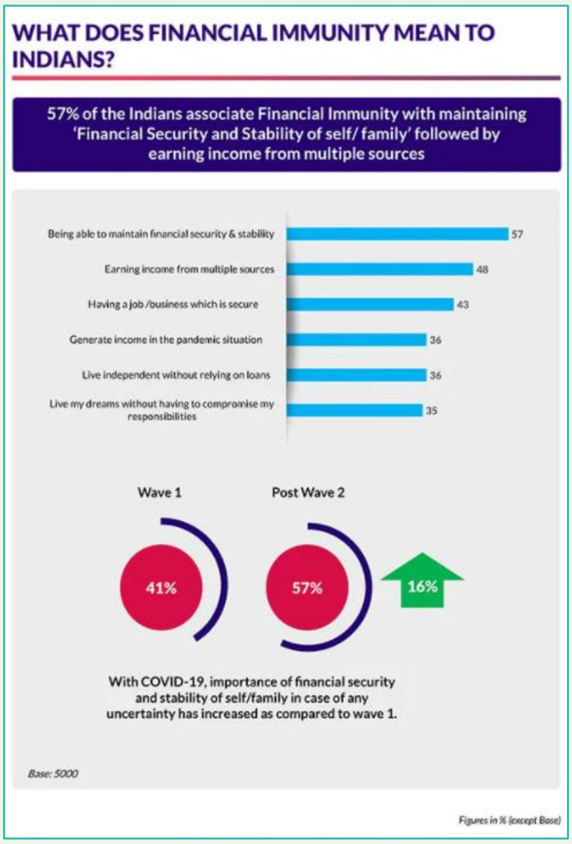
Further, the top three worries of Indians include:
Rising medical/ treatment cost (59%)
Instability of jobs (59%)
Concerns around health of self/ family members (58%)

These findings point to the fact that Indians are equally worried about their financial immunity as compared to physical immunity. As a result, 60% Indians have started to spend less on non-essential items followed by using their emergency funds and taking financial help from family and friends. The good part is, 50% of Indians' incomes are more focused on building financial immunity through savings/ investments and insurance.

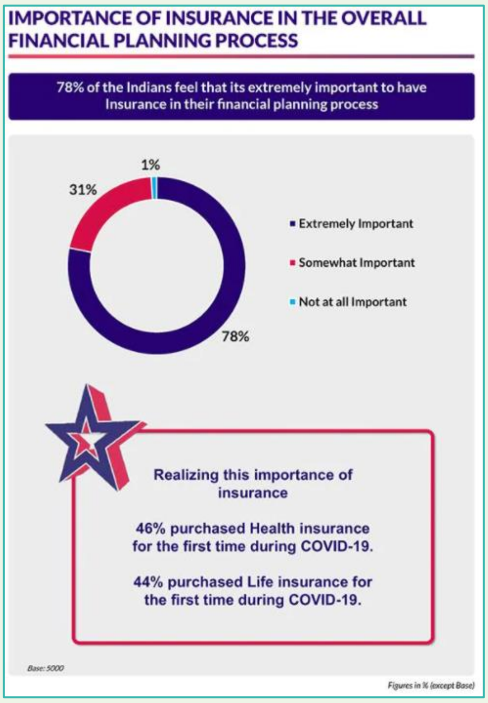


Life insurance- Key to a strong financial immunity

These above-mentioned numbers provide more food for thought to think about life insurance. Considering that life insurance provides a safety net for your family and loved ones, helping them cope financially during an otherwise difficult time. Ultimately, it offers reassurance that your family would be protected financially should there be any uncertainty. In addition, considering several expenses – like medical, higher education, critical illness, among others – as well as rising cost of living, it is imperative to have a life insurance that can look after the family and allow them to continue with their lifestyle. Life insurance offers the income replacement that can pay for education, health care, and much more.

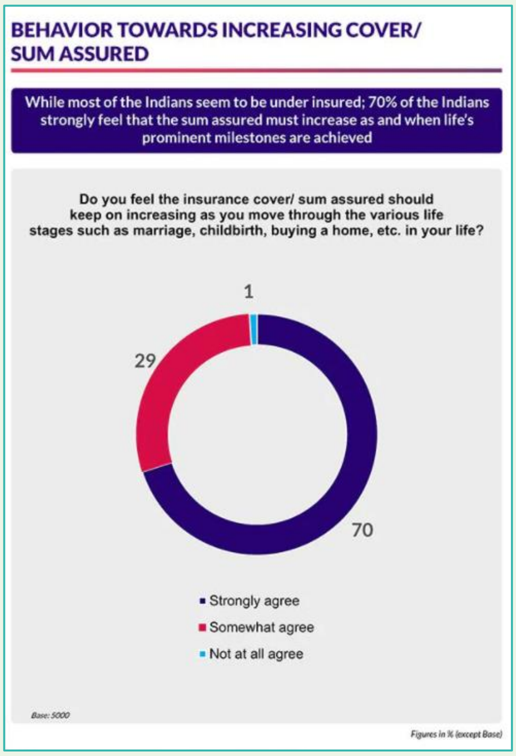


In this regard, self-assessing one's financial immunity on a regular basis helps keep any uncertain situation at bay and prepares oneself/ family to face any financial crisis. Without a doubt, at least 46% and 44% have invested in health and life insurance for the first time after the March 2020 pandemic outbreak respectively. Besides, three out of four Indians have increased their saving/ investing since January 2021, while 50% of them plan to invest in savings/investments/insurance, as per the survey. At the same time, 70% of Indians strongly feel that life cover should keep on increasing when prominent life milestones are achieved.



On-ground reality in numbers

Having said that, even if consumer's think they are financially prepared, the reality on-ground is totally different. If numbers are anything to go by, then Indians remain underinsured as the life cover to personal annual income ratio is only 3.8 times, which is way below the recommended 10x to 25x of annual income.



However, in the face of an emergency when an individual files a claim, the gravity of the situation comes to the fore. In current times, being underinsured is almost equivalent to being uninsured. In the long-run, underinsurance can have wide-ranging impacts, including creating financial hardship and challenges in the event your pay-out remains insufficient to meet your family's financial needs. Financial hardship can severely affect family members, too. Whether it's your partner, your children, or your extended family members, the people you're responsible for can end up being adversely impacted if you struggle financially.

Summing it up

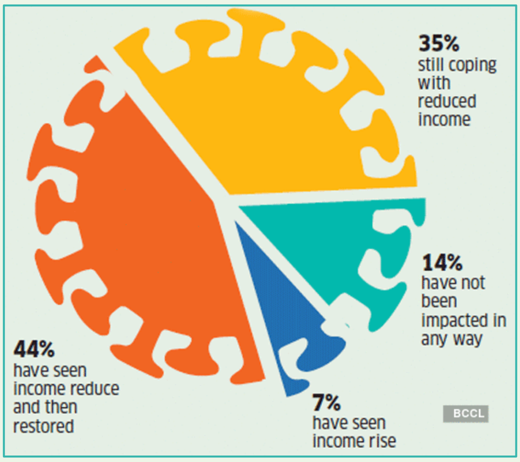
Life insurance is a great tool for both protection as well as helping an individual adopt a saving habit in a disciplined manner, which ultimately leads to creation of a financial safety net for the family in the long run. Moreover, considering that every individual's financial situation is different. Knowing why life insurance is important for your own financial plan could be helpful in choosing a policy that best fits your needs. Considering that the current global health crisis is not a one-off situation, it all the more reiterates the need to buy an adequate life insurance and secure the financial future of the family members.

TOP

Due to Covid, 75% Indians have increased savings, investments since Jan 2021: Survey - The Economic Times – 24th January 2022

Four out of five Indians feel insurance is an extremely important aspect of overall financial planning, finds SBI Life's Financial Immunity Survey.

What worries Indians most today?
Rising medical costs
Instability of jobs
Concerns around health of self and family members
Economic slowdown
Mental health due to increased workload
Loss of life during pandemic



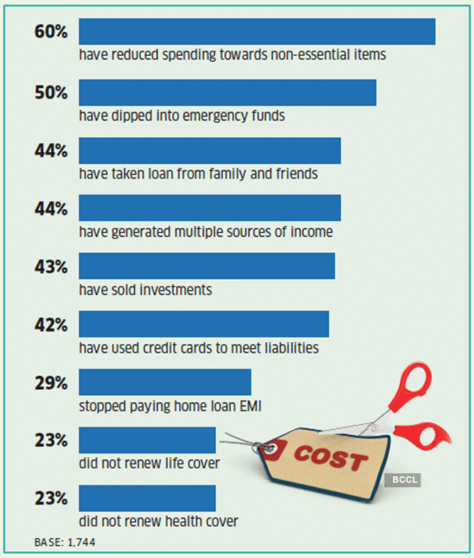
Inadequate insurance
Inflation

What does financial immunity mean to Indians?
57% think it's the ability to maintain financial security and stability
48% say it means earning income from multiple sources
43% equate it with having a secure job or business
36% think it's the ability to generate income in the pandemic
36% feel it means living independently without relying on loans
35% say it is the ability to live one's dreams without compromising on responsibilities

How has covid impacted financial lives of Indians?

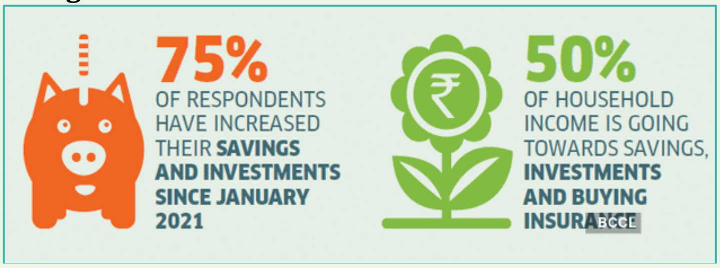
What are the milestones most impacted?
41% feel ability to save and accumulate wealth hit
37% have seen domestic and international travel plans jeopardized
29% think it affected providing for kids' education
27% could not start own business or venture
26% have had to put off buying durables and gadgets
24% have deferred buying a car
23% have postponed plans to buy a home
18% have had plans for self or child's marriage affected
12% have had retirement plans threatened

How are people tackling impact of pandemic on income?

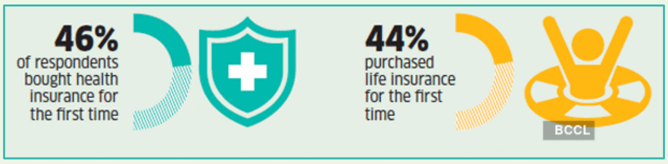


How are Indians building financial immunity?
68% have got vaccinated
56% have accumulated emergency funds
53% bought health insurance policy
53% bought life insurance policy
Base: 4,891

How have attitudes towards savings and investments changed?



How has covid changed attitude towards insurance?



Source: SBI Life Financial Immunity Survey 2.0 in collaboration with Nielsen IQ (India Pvt Ltd). The survey covered 5,000 respondents. Photos: Getty Images

TOP

PENSION

National Pension System: Latest functionalities released by Central Record Keeping Agencies – Financial Express – 24th January 2022

Once an NPS account is opened, the Central Record Keeping Agency (CRA) is responsible for recordkeeping, administration and customer service functions for all NPS subscribers. Presently, there are two CRAs namely NSDL CRA and KFin Technologies CRA which are both appointed by PFRDA. CRAs have the responsibility to develop new functionalities or utilities, establish new processes, offer multiple models of interface for the uploading offices in order to provide maximum flexibility in terms of operation for the benefit of the subscribers as an ongoing exercise to fulfill their obligations which ultimately benefit the Subscribers.

Some of the functionalities recently developed and introduced by CRAs are as below. Knowing them will help NPS subscribers to make the best use of their NPS account.

I. Functionalities released by NSDL CRA recently
Virtual ID for D-Remit facility via mobile app
Subscribers can now create Virtual ID for Direct Remittance (D-Remit) through NPS Mobile App instead of being redirected to eNPS portal. This is in addition to the option available on eNPS portal for creation of Virtual ID.
Paperless registration through eNPS
Subscriber registration through eNPS is a completely paperless journey now through OTP Authentication/eSign.
NPS Tax Saver Scheme

Tier II Tax Saver Scheme (TTS) extended to all central government employees who have joined employment prior to 01.01.2004 based on self-declaration.

eNPS Government
To facilitate and ease the subscriber registration for government subscribers, an additional option has been introduced for central government subscribers to open an account online through eNPS Portal. Employees under NPS can open accounts on the basis of Aadhaar or KYC Verification by Nodal Office as verification and Authorization of request by Nodal Office is mandatory.

II. Functionalities released by KFin Technologies CRA recently
Upfront Disclosure of Charges
In the Statement of Transaction (SoT), now there will be disclosure of Subscribers' Charges upfront. In line with the Sumit Bose Committee recommendations on making 'upfront disclosure' to the investors regarding costs and commissions, various NPS charges such as CRA charges, PF charges, Custodian charges, NPST charges and Investment Management Fee are included in subscriber's SOT.

Know Your PRAN in eNPS
In order to facilitate the Subscribers to retrieve their PRANs, 'Know Your PRAN' option has been enabled in eNPS website. The user needs to enter PAN, Date of Birth and Captcha and an OTP will be sent to the registered mobile number and email ID. On successful authentication of OTP, PRAN and Subscriber name will be shown to the User.

Some common functionalities made available recently by both CRAs are as follows:
NPS withdrawal – Revision of threshold limit
• Subscribers can opt for 100% lump-sum amount if corpus is less than or equal to Rs 5 lakhs in case of superannuation exit.
• Subscribers can opt for 100% lump-sum amount if corpus is less than or equal to Rs 2.5 lakhs in case of premature exit.
• In case of an unfortunate event of death of Govt Subscriber, nominee(s) can opt for 100% lump-sum amount if corpus is less than or equal to Rs 5 lakhs.
• In case of an unfortunate event of death of Non Govt Subscriber, nominee(s) can opt for 100% lump-sum amount of corpus.

Increase in age of entry
The entry age for NPS has been revised to 18-70 years from 18-65 years.

Extension of age limit for NPS contribution
NPS Subscribers can now contribute till 75 years of age.

(The writer is Sunil Dhawan.)

TOP

Portal issues hit e-nomination; EPFO says amid high user visits – The Indian Express – 23rd January 2022

The mandatory process for updating nominee details for subscribers of Employees' Provident Fund Organisation (EPFO) is facing issues with users reporting glitches in the registration process on the portal. Many have reported issues ranging from the portal showing error, inability to complete the e-sign process and server issues over the last month.

The e-nomination registration is necessary for subscribers for settlement of claims, and for dependents to claim funds of the account holder in case of the latter's death, which gains significance as many subscribers try to settle claims amid the ongoing pandemic.

The retirement fund body had earlier set December 31 as deadline for registering for the e-nomination facility. In a tweet on December 29, it then clarified that there is no deadline. "Nomination helps nominees to access social security benefits (PF, Pension, EDLI) online. Speedy pension claim settlement for members. No deadline has been fixed for filing e-nomination as of now," it said.

When contacted by The Indian Express, EPFO officials said that the system prompts for filing e-nomination on logging in for passbook or claims and hence, many users are attempting the e-nomination process. "Recently, the EPFO has been pursuing the EPF members in a campaign mode to file e-nominations so that the family / nominee particulars are available with EPFO for hassle free final settlement of dues to family/nominee," the EPFO said in response to queries sent via e-mail.

"When the members login for availing services like viewing e-passbook or filing claims, they are prompted to file e-nomination. As a result of the campaign, lakhs of EPF members have been visiting the Portal daily to complete e-nomination filing which at times may have increased the waiting period for users," it said. Since January 1, about 12 lakh e-nominations have been filed by EPF members and overall 53.56 lakh members have filed e-nominations, the EPFO said.

(The writer is Aanchal.)

TOP

PFRDA to 'discuss' plan to raise equity exposure in NPS to 75% - Business Standard - 22nd January 2022

The Pension Fund Regulatory and Development Authority (PFRDA) on Friday said it will discuss with the Centre a proposal to raise equity exposure in NPS to up to 75 per cent for the willing government employees, as is the case with the private sector employees. The equity exposure for the NPS subscribers from other than the government sector was increased to 75 per cent three years ago.

The investment option for government employees was eased after a lot of discussions in 2019 and became effective from April 2019, PFRDA Chairman Supratim Bandyopadhyay said at a webinar organised by Centre for Policy Research. "Currently, they have a maximum equity exposure of 50 per cent but that too 50 per cent we call auto kind of investment.

So this auto choice is nothing but it follows a lifecycle fund pattern where up to the age of 35, it will be 50 per cent in equity and balance will be going into bonds and government securities. It follows the same dictum that as the age goes up, your ability to take risk goes down," he said.

TOP

Govt may raise tax-free provident fund limit to ₹5 lakh: Report – Live Mint – 22nd January 2022

The central government is mulling over raising the limit for tax-free contributions in the provident fund (PF) for all salaried employees to up to ₹ 5 lakh per annum, reported Hindustan Times. The move will bring all salaried professionals at par with government employees.

"Several representations have been received in various ministries and departments to make this provision equitable and non-discriminatory and also to enhance the limit as this is one of the most effective social security mechanisms. It is being considered," the news portal quoted people familiar with the matter.

Another person quoted by HT said: "For all practical purposes, particularly for private-sector employees, both employee and employer contributions are part of the negotiated salary, which is called cost-to-company (CTC). The employer's contribution is always part of this CTC. Hence, there is a case for consideration." The Union finance minister had in budget 2021 announced capping of tax-free annual PF contributions to ₹ 2.5 lakh for availing tax-free interest income.

However, it later raised this limit to ₹5 lakh for such funds where employers do not contribute, in a decision that benefited only government employees. Some tax professionals and PF experts had called the amendment "discriminatory". "Following Budget 2021, the government announced a further amendment in which it doubled the threshold limit of contribution from ₹2.5 lakh to ₹5 lakh for tax-free interest income if the PF contribution is made to a fund where there is no contribution by the employer," said Archit Gupta, founder and chief executive of tax consultancy firm Clear.

"Hence, the government has provided relief for contributions made to the General Provident Fund (GPF), a facility which is available only to government employees, and where there is no contribution by the employer. Hence, for government employees, the cap for tax-free interest income is ₹5 lakhs," added Gupta.

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GLOBAL NEWS

Vietnam: Insurance market predicted to grow by double digits in 2022 – Asia Insurance Review

Total insurance premium revenue in Vietnam in 2022 is predicted to grow by 18% to VND253.7tn ($11.2bn), compared to 2021, according to the Insurance Supervisory Authority (ISA).

The regulator says that double-digit growth is forecast for all important segments of the insurance market this year, reported Vietnam News Agency.

Total insurance payments are estimated to reach VND58.2tn this year, representing a 17.6% year-on-year increase.

2021 industry performance
The ISA says that Vietnam's insurance industry achieved impressive results last year despite the COVID-19 pandemic's impact on the country. In 2021, total insurance premium revenue jumped by 16% year on year to VND214.9tn. Insurers paid out VND49.5tn in claims, representing a marginal increase of 1.68%.

As of the end of 2021, the total assets of the insurance market reached VND710tn, 23.9% higher than 12 months previously. 86 percent over 2020.

Regulator's 2022 agenda

Tasks to be undertaken by the regulator this year include continuing its coordination efforts to prepare the draft amended Law on Insurance Business to be submitted to the National Assembly for approval in May.

The ISA will also continue to issue decrees and circulars guiding the insurance industry and to complete a development strategy for Vietnam's insurance market for 2021-30.

In addition, the regulator will continue to assess insurance businesses periodically, and detect violations promptly and report them to the Ministry of Finance.

It will also build an IT system for the management and supervision of insurance business activities, and enhance the insurance market's effectiveness, transparency and sustainability.

The insurance market consists of 31 non-life insurers, 19 life insurers, two reinsurers, 24 insurance intermediaries and a branch of a foreign non-life insurer.

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