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QUOTE OF THE WEEK

**“Faith gives you an inner strength
and a sense of balance and
perspective in life.”**

Gregory Peck

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INSURANCE TERM FOR THE WEEK

Supplemental Term Life Insurance Mean

Supplemental term life insurance is a policy that fills the coverage gaps in a primary term life insurance policy. Some people obtain term life insurance courtesy of their employers. In many cases, these policies offer coverage in multiples of the employee's annual salary. However, it is quite likely that the coverage is insufficient, especially for people with families or several financial liabilities. In this scenario, supplemental term life policies provide an enhanced level of coverage.

Many employers provide their employees group life insurance policies. The size of the group largely influences the coverage and benefits offered under these policies. In fact, many smaller companies typically offer coverage as low as \$5,000. This could be due to the small group size and budgetary constraints.

Given the limited benefits of some policies, some employees opt for supplemental term life insurance policies. They allow the insured to augment their existing coverage up to a specific amount, usually in increments of \$10,000 or \$25,000. Some insurance companies do not require evidence of insurability.

INSURANCE INDUSTRY

More women beneficiaries joining insurance schemes PMJJBY, PMSBY, says govt – Financial Express – 20th December 2021



Greater number of women beneficiaries are joining the demand-driven Pradhan Mantri Jeevan Jyoti Bima Yojana and Pradhan Mantri Suraksha Bima Yojana with over 13.68 crore enrollment, the government said in Parliament on Monday.

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY) were launched in 2015 with a view to enhancing the level of insurance penetration in the country and to provide insurance cover to common people, especially poor and the under-privileged sections of the society, Minister of State for Finance Bhagwat Kisanrao Karad said in a

written reply to the Lok Sabha. The schemes have seen significant growth in terms of the cumulative number of women enrolled in these schemes, the minister said.

Under PMSBY there are 10,26,45,751 women beneficiaries and under PMJJBY there are 3,42,40,254 beneficiaries, he added. He said these schemes are demand driven and consent based and no assistance is provided by the government for payment of premiums.

As many as 1,60,925 women were paid claims amounting to Rs 3,218.5 crore under PMJJBY as of October 27, 2021, he said. While, claims worth Rs 294.93 crore were paid to 14,818 women beneficiaries under PMSBY. PMJJBY offers life insurance cover of Rs 2 lakh, PMSBY offers accidental death or total permanent disability cover of Rs 2 lakh and permanent partial disability cover of Rs 1 lakh.

Citing data provided by insurance companies, the minister said that 5,12,915 numbers of claims amounting to Rs 10,258 crore and 92,266 numbers of claims amounting to Rs 1,797 crore have been disbursed under PMJJBY and PMSBY respectively as of 27th October 2021.

In reply to a separate question on mudra loans, the minister said that as much as 68 per cent of the Pradhan Mantri Mudra Yojana accounts held by women entrepreneurs, availing 44 per cent of the sanctioned amount. The all India accounts under PMMY stood at 32.11 crore as of November 26, 2021, of which 21.73 crore were women entrepreneurs (68 per cent). While the all India sanctioned loan amount was of Rs 17 lakh crore of which Rs 7.42 lakh crore (44 per cent) was held by women enterprises.

“Under Pradhan Mantri Mudra Yojana (PMMY), institutional credit up to Rs 10 lakh is provided by Member Lending Institutions (MLIs) to micro/small entrepreneurs, including women, for income generating activities in sectors such as manufacturing, trading, services and activities allied to agriculture,” Karad said.

In reply to another question, Minister of State for Finance Pankaj Chaudhary said the government has taken many effective steps for successful implementation of ‘Sukanya Samridhi Yojana’ to ensure maximum benefits to girls. He said that 19,535 villages in the country have been declared as ‘Sampoorna Sukanya Gram’ under Sukanya Samridhi Yojana campaign.

The campaign was launched in June 2019 to ensure the reach of SSA till last mile, Chaudhary said. It covers opening of Sukanya Samridhi Account for all eligible girl child in that village. Till 31st March 2021, a total of 19,535 villages declared as Sampoorna Sukanya Gram, the minister said.

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LIFE INSURANCE

Insurers to up term policy rates for 2nd time in FY22 – The Times of India – 23rd December 2021



Top private life insurers are revising their term insurance rates by the fourth quarter. According to industry officials, reinsurers have taken a tough stance with the new Omicron variant adding to the uncertainty.

This is the second round of price increases in the current fiscal that the life insurance industry is witnessing. According to distributors, ICICI Prudential Life Insurance and HDFC Life Insurance have sounded them off about the likelihood of an upward revision in the fourth quarter.

HDFC Life Insurance chief financial officer Niraj Shah said protection prices in India are a lot lower than in some of the developed countries with superior healthcare facilities and higher life expectancy. “Historical increases in India have been lower than inflation growth. We should expect pricing and underwriting norms to evolve in line with expanding geographical and demographic coverage over time,” said Shah.

India First Life Insurance MD & CEO R M Vishakha said, “Global reinsurers follow business considerations in revising their rates. Domestic insurers are dependent on their support for providing cover and have to increase rates whenever reinsurance rates are revised.”

HDFC Life is currently engaging with reinsurers to refine underwriting practices, deploy new technologies such as deep-learning underwriting models and address the protection opportunity through our group platform (Credit Life) apart from the individual business, which will distribute risks more evenly.

In addition to revising prices, what some private insurers are doing is to be more stringent in their underwriting policies on non-health criteria like education qualification of the proposer, their geographic

location and their income levels. High-value (multi-crore) policies are now being sold to only those who are graduates or have salaries of above Rs 10 lakh.

“Discussions with reinsurers on re-pricing are currently on and it is expected to kick in from early Q4FY22. We will continue to follow a nuanced risk-based pricing approach and increase customer prices in line with emerging experiences. We believe that protection is a long-term and multi-decade opportunity in India given the level of under-penetration and protection gap,” said Shah. Covid had hit the life insurance industry hard. “Companies maintain global reserves and high solvency margins to meet extraordinary situations. Given this is an extraordinary situation, there could be special provisions made for lower solvency margins and reserves that can be built up subsequently,” said Vishakha.

Earlier this month, Bajaj Allianz Life Insurance CEO Tarun Chugh had told TOI that his company would be raising rates this month following a communication from reinsurers on the increase in rates and stricter underwriting requirements. “Term is not an easy product to buy anyway, but now the discussions have become elongated. As a result, the issuance rate has come down,” said Chugh.

Another private reinsurer has launched a new product with higher term insurance rates. Insurers said that the reason for two rounds of increases is that while reinsurers have hiked rates sharply, the regulator frowns upon companies increasing rates by more than 25%. This has prompted companies to go for two rounds of hikes.

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Life Insurance: A new lease of life, and not just a tax-saving tool – Financial Express – 22nd December 2021



Though the year 2021 had its share of challenges, it also had several opportunities primarily driven by increased awareness and need for protection which helped the life insurance industry to turn headwinds into tailwinds. Standing by customers in their ‘moment of truth’, insurers worldwide began providing protection solutions to help people fight the Covid-19 battle.

Proactive measures were taken to make the processes easy and interactions seamless, to deal better with the second wave. Claims started hitting and coupled with operational modifications created some degree of pressure for the insurers. Despite this, life insurers

stepped up their game to cope with the situation and ensured that their customers were well-supported.

Product innovation to suit emerging needs

The industry witnessed customer expectations pivoting, and companies innovating their value propositions to keep up. The aware customer required solutions that would cover specific risks associated with his/her unique life needs. This shift in the purchase behaviour prompted organisations to ‘think like a customer’. Personalisation of life insurance products took a leapfrog in 2021 and several simple and differentiated products which could be tailored to suit policyholders’ emerging needs entered the market.

Pricing pressure no barrier for term plans

The pandemic prompted individuals to opt for life insurance policies to protect and save their finances. This increased awareness along with the emergence of the second wave, led to heightened interest in pure protection (term plans), despite a hike in their premium rates. This trend reinforced that in the past one year, life insurance further evolved from just being a tax-saving tool to a comprehensive and reliable financial protection solution for people.

Making experience easy

Customers' preference for easy processes and digital channels prompted life insurers to further expand their service channels, providing more options to engage through physical branches, phone-based contact centres, chatbots, WhatsApp, mobile apps, social media, etc. Self-service took centre stage in 2021. This empowered customers and insurers to engage real-time, on desired channels to enable faster resolutions.

Outlook 2022, another differentiated year

The sector is preparing well to make 2022 another differentiated year which holds a lot of promise. Today's customers have realised the need and the real potential of life insurance. This coupled with higher income, healthcare inflation, need for retirement planning and the heightened need for mortality protection is set to offer necessary tailwinds for the life insurance industry and will influence two vital trends:

Affinity towards life insurance products

Individuals will continue securing their future financial responsibilities with term plans and guaranteed return plans. There will also be increased demand for child products and retirement solutions. Wellness will emerge as a key trend which will lead to innovations in the space of protection and health-related covers. Insurers will focus on bundled offerings with hybrid features, innovative bite-sized or context-based solutions will be designed to appeal the customer needs of the next normal.

Technology redefining customer experience

Technologies such as machine learning, combined with growing digital connectivity, will enable substantial leaps towards offering customers increased transparency, on-the-go access, speedy transactions and need-based customised solutions. In 2022, companies will further strengthen their use of the decision engine or next-best-action technology to have relevant insights about customers, do need-analysis and thereby suggest appropriate products in line with an individual's needs and behaviour.

The pandemic-induced awareness provided a window for life insurance companies to raise insurance penetration and ensure that the customers are adequately protected, something the industry could not achieve in the last 10 years. Relentless and disruptive innovations across the customer life cycle journey will help the industry to further drive desired changes. All these trends will accelerate the industry's growth path in 2022 as well.

(The writer is Kamlesh Rao.)

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Life insurance, your most important personal finance decision? - Live Mint - 21st December 2021



You may have probably heard the old adage: "Buy term and invest the difference." This aphorism is undeniably true, as there are several occasions when purchasing term insurance appears to be the best option. If you are still unsure, the most significant thing to ask yourself is, "Do I need life insurance for my family if I die?" And if you answered yes, term insurance is unquestionably important for you and your family. According to industry experts, term insurance is the simplest, purest and most convenient form of insurance. It pays the entire sum assured if the policyholder dies during the policy tenure or term. If the life assured lives to the end of the policy tenure, the insurance coverage ends, and the insurer pays nothing.

Sajja Praveen Chowdary, head— term insurance, Policybazaar.com, said, "Several elements, including your age, sum assured, health risks and plan length determines a term insurance premium. Furthermore, the premium you pay covers mortality charges when you buy term insurance." Mahavir Chopra, founder & chief executive, Beshak.org, said that before you think about buying term insurance, think about whom you are buying it for. "Remember, you won't be making use of the money; it's your dependents who will get the money. Hence, buy term insurance only when you have financial dependents or have a large loan on your head," said Chopra.

Apart from this, buying a term plan at an early age would save on premium, but there is an opportunity cost of investing that entire money into another fund. Hence, you must purchase term insurance only when a financial dependent is visible or to protect a loan. Chopra said that term insurance coverage should be the difference between how much you owe and how much you own. How much you owe will include loans, your dependent family's financial goals such as child education. How much you own will include all the financial assets that can be liquidated to take care of your family's needs in your absence. For instance, you must include your mutual funds or stocks, but probably not include the house they will live in.

For example, you need term insurance if you are the sole breadwinner in your household. Consider what would happen to your parents, spouse and children if you weren't living for a moment. What would they do if everything went wrong? Will they be able to cover their everyday expenses with their resources? Life insurance is primarily intended to protect you and your family from an unforeseeable disaster. Chowdary said, "A lot of young couples nowadays start their marriages with a lot of debt, such as student loans. This situation can quickly devolve into a disaster if only one person is left to make the payments. Another critical situation in which term insurance is required is when the partners' incomes are vastly different. By insuring the difference, the lower-income person can easily support their current standard of living even if the higher income person dies."

Not invested enough to fund your child's higher education dream: Nowadays, higher education costs are increasing year after year, and if you fail to plan for their studies, they won't be graduating from college without incurring debt. Therefore, if you intend to pay for your child's private school or college education partially and take a student's loan, you need to have a term policy. Affordable premiums: You get term insurance of a high-value life cover at an affordable premium compared to other life insurance policies. Moreover, you can pay the premium either monthly/half-yearly/yearly mode. Besides, the earlier you buy term insurance, the lower premium you will have to pay. Naval Goel, founder and CEO, PolicyX.com, said, "Term insurance is a significant policy that helps an average salaried person get a considerable corpus amount in the long run for their family at an affordable cost of premium prices."

The term insurance plan comes with several riders, such as critical illness benefit that covers diseases like cancer, kidney failure, heart attacks, major surgery, paralysis and other life-threatening diseases that can be very expensive to treat. Incremental term insurance: These days, the term plans come with an increasing cover benefit that allows a person to increase the sum insured depending upon the real-time personal needs such as a wedding and kids' education. Otherwise, a person needs to invest in a new term plan to elevate their policy coverage. Sum insured pay-out: The variety of pay-out flexibility such as lump sum, monthly, or annually offered to insured helps manage the expenses of the family as they can plan the receiving of the sum insured as per their needs of funds. For instance, if an insured had equated monthly instalments, or loans to be paid off, you can easily match the payout of the term insurance to the payment of their debts for the easy payoffs. You can get tax savings on premiums paid under Section 80C of the Income Tax Act. Further, the lump sum amount received by beneficial nominees as the sum assured (death benefit) is exempt from taxes subject to Section 10 (10D) of the Income Tax Act if the sum assured is more than 10 times the annual premium.

(The writer is Navneet Dubey.)

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Life insurance products get a fillip during pandemic - The Hindu Business Line - 19th December 2021



As we reflect on the past 18 months of the pandemic, we are hit by a stark truth. Life is uncertain. An unfortunate accident, a medical crisis or a devastating illness can strike us at any time. And if we do not make adequate preparations in time, a loved one's untimely demise or critical illness can expose a family's financial vulnerability and completely derail their savings and plans for the future.

Awareness increases

While it has been a tumultuous period, one of the positives that emerged out of the pandemic was an increased awareness about insurance, especially term and health insurance. People began to understand far more about the importance of investing in insurance to financially secure the family against the uncertainties of life.

Further, families displayed more interest in investing in financial instruments such as insurance as a result of a greater amount of disposable income during this period due to decreased spending on lifestyle expenses. We have seen enhanced interest and increased enquiries across the country, not just in metros and tier-1 cities, but even in tier-2 and -3 cities and smaller towns.

The demand for pure protection plans has been growing over the past few years as people gained greater knowledge and understanding about this product category. The untimely deaths during the pandemic resulted in a further surge in demand for these plans.

Underwriting process

However, with the devastation caused by Covid, especially during the second wave, reinsurers were badly hit by the surge in claims and were forced to hike term plan rates. Term plan prices in India were the best compared to the rest of the world, so reinsurance was very aggressive in India. With this hike, there has been a 20-40 per cent rise in rates across the board.

However, the exact amount varies depending on the life insurance company, the reinsurer and the volume of business that the life insurance company has with the reinsurer. Besides the hike in rates, the underwriting process has also become more stringent for term plans. Despite this hike, we would still urge people to go out and purchase a term plan as the first step in insuring themselves and their loved ones against any unfortunate situation in the future.

Among other product categories, we have seen greater interest in guaranteed products such as savings plans as well as retirement and annuity plans, especially due to the prevailing economic uncertainty along with the falling interest rate regime in the country. Interestingly, because the stock markets have been buoyant over the last 18 months, we have also seen a lot of new in-flows and renewals of ULIPs (Unit-linked Insurance Plans). While the spike in ULIPs has largely been from metros and tier-1 cities where customer awareness and education about stock market trends are higher, customers in tier-2 and -3 cities are taking safety in a guaranteed return, non-par savings plans.

A pall of gloom

With the pandemic casting a shadow over job security, business success, physical and mental health, and children's education, we reached out to parents with kids under the age of 10 years in 10 cities across the country as a part of our #Future Fearless survey. The survey was conducted by our research partner, YouGov India, to understand the parents' financial planning and investment decisions taken in the current scenario.

As one might expect, most parents have a strong set of dreams and aspirations for their children. Not only do they want their children to do financially and socially better than themselves, but they are also

encouraging their children to learn new things and enrolling them in various courses, especially on the digital medium. Children, too, are exposed to new and exciting fields with career interests expanding to emerging domains such as YouTuber, scientist, astronaut, and virtual reality designer.

Key findings

One of the key findings was that while most people were forced to cut down on their savings and investments, it also made them relook at their financial preparedness. Saving for their children's future and milestones emerged as the top priority for parents, along with saving for medical emergencies. The rising cost of education right from pre-primary levels, coupled with parents' growing aspirations, have driven them to save for academics over other life goals for their children like saving for marriage or setting up a business.

Considering this, it provides an opportunity for life insurers to further drive education about the relevance of life insurance and the importance of child plans in reassuring parents that their child's dreams will be met despite any unfortunate circumstances. The survey also revealed that parents consider life insurance a low-risk investment tool and a reliable financial instrument to cover the family against any future uncertainties. Around half of the monthly household income is currently being spent on savings and investments, and life insurance is among the top instruments for secured long-term investment.

Continuing to drive awareness and education around the benefits of life insurance could help to boost further interest in the category. During this period, the regulator, IRDAI, has taken a number of laudable steps, which have benefited customers, as well as the insurance players. Since the pandemic, the regulator has introduced several standard products in the insurance market such as Saral Jeevan Bima, Saral Pension, Corona Rakshak and Corona Kavach, which simplify the decision-making process for customers as the product features and options are standardised and limited.

Hence, these plans are an option at the entry level for customers. India is a severely under-penetrated market for insurance and while the pandemic has brought about increased awareness about the importance and benefits of insurance, there is still a long way to go. Offering innovative products that cater to the life-cycle needs of the customer, ensuring adequate life cover to suitably protect one's family in case of any unfortunate circumstances, and fostering a digital-first approach to enhance customer experience and satisfaction are some of the steps that we can take to further drive insurance penetration in India.

(The writer is Vighnesh Shahane.)

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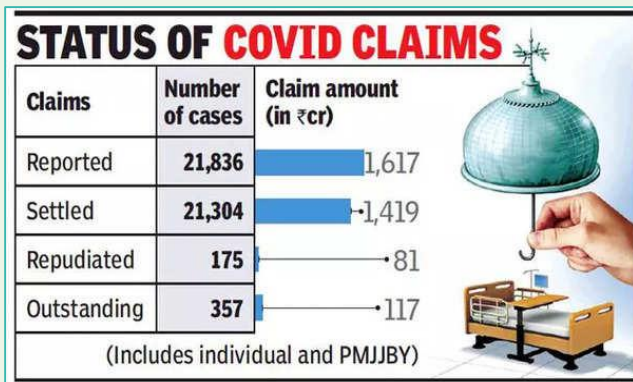
HEALTH INSURANCE

Insurers received 9.5L Covid-19 treatment-related claims in FY21 - The Times of India - 24th December 2021

Insurance companies received 21,836 individual and PMJJBY (Pradhan Mantri Jeevan Jyoti Bima Yojana) Covid claims amounting to Rs 1,617 crore in FY21 ended March 31, 2021, of which 357 claims amounting to Rs 117 crore remain unsettled, revealed the latest annual report of IRDAI.

Overall, general insurers and standalone health insurers received over 9.5 lakh Covid treatment related claims in 2020-21. In order to help policyholders, IRDAI directed insurers to settle Covid-19 death claims expeditiously and even extended the grace period for payment of premiums due in the months of March and April 2020 up to May 31, 2020.

In fact, with people realising the importance of health insurance, general and health insurance companies collected Rs 58,238 crore as health insurance (excluding personal accident and travel insurance) premium, registering a growth of nearly 15 percent over the previous year.



The health insurance business is classified into government sponsored health insurance, group health insurance and individual health insurance and in terms of the amount of premium collected, the share of group business was highest (48.26%), followed by individual business (44.37%).

While five states — Maharashtra, Karnataka, Tamil Nadu, Delhi UT and Gujarat contributed 66% of the total health insurance premium. In fact, Maharashtra alone contributed Rs 18,354 crore (32%) by way of total health insurance premium.

The net incurred claims of the health insurance business of general and health insurers stood at Rs 40,718 crore in 2020-21 as against Rs 34,058 crore in 2019-20. There is an increase in incurred claims ratio (ICR) of health business from 88.4% in 2019-20 to 93.8% in 2020-21.

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Incurred claims of standalone health insurers grow at slower pace in Covid-hit FY21 - Financial Express – 22nd December 2021



Net incurred claims of standalone health insurers rose by 5.34 per cent in the COVID-hit 2020-21 compared to 35.47 per cent increase in the preceding year, showed the Annual Report of Insurance Regulatory and Development Authority (Irdai) on Wednesday. The incurred claims of the overall general insurers too grew at a lower rate of 2.92 per cent compared to 7.26 per cent during financial year 2019-20.

In actual terms, net incurred claims of stand-alone health insurers were Rs 6,779.09 crore during 2020-21. This compared with Rs 6,435.43 crore during 2019-20. As per the Annual Report 2020-21, the net incurred

claims of the general insurers stood at Rs 1.12 lakh crore in 2020-21 as against Rs 1.08 lakh crore in 2019-20. The incurred claims exhibited an increase of 2.92 per cent during 2020-21.

The private sector general insurers, stand-alone health insurers and specialized insurers reported increase of 2.40 per cent, 5.34 per cent and 132.43 per cent respectively over the previous year, while the PSU general insurers reported a decrease in the incurred claims at 4.01 per cent. Among the various segments, health segment had the highest claims ratio at 89.51 per cent during 2020-21 as against a claim ratio of 85.70 per cent of previous year, the report said.

It further said the new policies issued by stand-alone health insurers at 105.41 lakh, an increase of 14.34 per cent over 2019-20. The growth in issuance of new policies by them was 16.63 per cent. The report further said the life insurance industry paid benefits of Rs 3.99 lakh crore in 2020-21 (Rs 3.51 lakh crore in 2019-20) constituted 63.42 per cent of the gross premium underwritten (61.35 per cent in 2019-20).

LIC paid benefits of Rs 2.86 lakh. On death claims, Irdai report said in case of individual life insurance business, during 2020-21, out of the total 11.01 lakh claims, the life insurers paid 10.84 lakh claims, with a total benefit amount of Rs 26,422 crore. The claims pending at the end of the year were 3,055 for Rs 623 crore. During 2020-21, life insurers issued 281.27 lakh new policies under individual business, out of which LIC issued 209.75 lakh policies (74.57 per cent) and the private life insurers issued 71.52 lakh policies (25.43 per cent). The private sector insurers registered a growth of 2.89 per cent in the number of new policies issued against their previous year. LIC and the industry have shown a decline.

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How to make your health insurance policy Omicron-ready – Financial Express – 19th December 2021



The world is once again coming to terms with yet another variant of COVID – heavily mutated and speculated to be highly transmissible this time. As the virus rears its ugly head once again, right from travel guidelines to vaccine effectiveness, all safety measures are being reassessed all over again. While things may be inching back to normal, it's time to put our guard up for now. Even as we prepare to battle Omicron and its consequences, do not forget to level up your most important safety shield against it – your health insurance. The catastrophic second wave has taught us some hard lessons and now it's up to us to measure up and minimise the aftermath this time.

Recent times have brought about a tectonic shift in the health insurance landscape. While the awareness and demand pertaining to health insurance have significantly gone up after the outbreak, just having the insurance is not enough. This might be the best time for you to re-evaluate your health insurance. Soon after the outbreak, all health insurers started offering coverage for COVID-related hospitalisation, but it's advisable to check if your current health insurance will be sufficient to protect you.

Here's how you can make your health insurance policy more comprehensive to safeguard yourself and your loved ones against the Omicron variant.

Choose a comprehensive policy to cover COVID-induced diseases

On the surface, it might look like you need to protect yourself against COVID-19 and its variants. However, the past two years have taught us to tread with caution. COVID makes way for other diseases like hypertension, diabetes, obesity and heart ailments, among many others.

Usually, a person is likely to develop these lifestyle diseases in the later stage of their life. Unfortunately, if you contract COVID, you become more prone to these illnesses at any stage even after you are cured. The latest findings of the National Family Health Survey also reveal that Indians have now become more obese, hypertensive and at a higher risk of developing diabetes as compared to 2015-16.

Apart from that, you also need to protect yourself from other complications like black fungus. The consequences arising out of these could be severe and may even require hospitalisation. While more details about Omicron are being divulged, you need to stay protected against a range of conditions lying underneath COVID by opting for comprehensive health coverage.

Go for a higher sum insured to stay covered in case of hospitalisation

Just like you need a plan covering the majority of diseases, you also need to take due note of the up surging medical inflation year after year. The second wave still serves as a dreadful reminder of how important it is to stay prepared in advance. The medical bills during this time have gone as high as Rs 85 lakh to Rs 1 crore. If you have an insufficient sum insured, you will end up paying the remaining amount. Especially in metro cities, these expenses can cut deep into your savings.

In case your policy is up for renewal, you can choose a higher sum insured. However, if your renewal isn't due in the near future, you can always buy a super top-up for your policy. For instance, if you have an existing policy of Rs 10 lakh, you can get a super top-up of Rs 90 lakh and the total coverage will be Rs 1 crore. Niva Bupa's Health Recharge plan offers a super top-up of Rs 90 lakh on a deductible amount of Rs 10 lakh for an annual premium of Rs 898, subject to terms and conditions.

Include domiciliary treatment expenses and other additional charges

Domiciliary treatment refers to treating the patient at home even when they need to be hospitalised. There are two reasons for this – either due to hospital room unavailability or the patient's co-morbid or

critical condition certified by a doctor. It wasn't too long ago when a huge number of COVID patients struggled to find a hospital bed and had to be treated at home itself. Also, there have been guidelines prescribed regarding home isolation and the treatment of COVID patients. At a time when the return of COVID scare seems highly likely with this variant, it makes sense to include the coverage for domiciliary treatment.

Other additional expenses that you need to take note of are doctor consultations, check-ups, tests, use of medical aid items, OPD and ambulance charges, etc. Make sure that these charges are covered under your policy.

Look out for claim settlement

Claim settlement is the moment of truth for both insurer and the insured. It's when the claim is settled then the policy truly proves to be fruitful. Make sure that you check the claim settlement ratio before finalising your insurer. Typically, a ratio above 95% is considered ideal. Not just this, check for any terms, conditions or fine print that may cause a hindrance later while processing your claim.

Add suitable riders

Riders are additional benefits that you can attach to your policy at an added cost to your premium. Some of these popular riders can come in handy during this period of COVID. For instance, consumables constitute ~20% of COVID hospitalisation bills, but a lot of comprehensive plans do not cover them by default. Consumables are medical aid items that are discarded after single use, like syringe, PPE kits, masks, gloves, etc. Adding a rider such as Care Shield or Niva Bupa Safeguard gets the coverage added at a very nominal cost. Similarly, critical illness cover helps pay your bills in case of serious illnesses that might arise out of COVID, like heart attack, kidney failure, etc. Few other riders like hospital cash benefit or inflation protection rider can also be useful during these times. Do not forget to check for suitable riders with your insurer. While the Omicron variant is still being researched and new information is coming to light every day, it's wise to make an informed decision by taking lessons from the past.

(The writer is Amit Chhabra.)

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Health Insurance: Why you need to keep track of the waiting period in insurance plans - Financial Express - 19th December 2021



A critical term in health insurance policies is the waiting period. You might suddenly see the need for an insurance plan and buy one hoping to be covered under it for all kinds of diseases from the next day, but that's not how it works. There are various waiting periods for different kinds of diseases, which also vary from company to company.

The waiting period is a fixed time duration that the policyholder waits for since the time of buying the policy and cannot avail certain benefits or coverage for certain diseases. For instance, with a comprehensive health

insurance policy, the waiting periods for different coverages usually differ from insurer to insurer. The policyholder has to serve the waiting period to get the coverage for that specific condition. Experts say to avoid any kind of fraud and misuse of health insurance for pre-existing ailments, insurers usually apply a waiting period.

What are the types of waiting periods?

Generally, a new comprehensive health insurance plan comes with a waiting period of 30 days that the policyholder needs to serve before filing a claim, known as the initial waiting period under a health insurance policy. Having said that, a policyholder will not have to serve any waiting period in case of hospitalisation due to an accident. A claim for hospitalisation due to an accident can be filed from day one

after the policy is issued to any individual. On certain specified illnesses such as cataract, hernia and knee replacement, many insurers apply a two-year waiting period. Experts say these kinds of illnesses are slow-growing, therefore attracting a waiting period across all insurance plans.

What are the Pre-existing diseases (PED) that attract waiting periods?

The waiting period is generally applied to pre-existing diseases by all insurers. While buying a health plan, the insured will be asked about having any pre-existing condition such as hypertension, diabetes, kidney-related ailments or any other disease for which they are on continued medication. For such pre-existing conditions, most insurance companies apply a waiting period ranging from 2 to 4 years from the date of policy issuance.

To help policyholders better few insurers have started offering health insurance with a waiting period of 1 year for pre-existing diseases. For instance Digit Insurance, recently started offering waiting periods of one year for pre-existing diseases and specific illnesses. Similarly, Star health policy called red carpet and Bajaj Allianz silver health also offers a waiting period of one year for PED.

Similarly, those comprehensive health insurance plans that offer maternity benefits, also come along with a waiting period of 12-36 months. Along with that, illnesses such as HIV, hepatitis B, cosmetic surgeries, malignant Neoplasms, etc. falls under the permanent exclusion category and insurers never provide cover for those illnesses. Various insurance policies also offer specific cancer, critical illness and heart related plans, which can be opted for to avoid a long waiting period. Additionally, one can also choose to reduce their waiting period by paying a little extra.

While porting your policy to a different insurer, if you have served the waiting period with the current insurer, you will not have to serve a fresh waiting period with the new insurer. However, if you have not served the full waiting period with your old insurer, the remaining waiting period will be applied by the new insurer.

(The writer is Priyadarshini Maji.)

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MOTOR INSURANCE

Vehicle registration certificate transfer enough to get insurance cover – The Times of India – 20th December 2021

The transfer of vehicle registration certificate (RC) from the owner to buyer is sufficient to pass on benefits, including motor insurance policy, a consumer court has ruled. The court also ordered an insurance firm to clear the accident claim of nearly Rs 6.6 lakh and pay a compensation of Rs 60,000 to a man who had purchased a car and got its RC transferred to his name but not the insurance policy. Mysuru resident Abhishek R Das, 25, purchased a Hyundai Verna car from Sheeba Robert in October 2019. On October 10, Das got the RC transferred to his name and planned to transfer the insurance paper within the stipulated 14-day period. But on October 12, his acquaintance drove the car and caused a serious accident, entailing repair costs of over Rs 6 lakh. With the car's policy under United India Insurance Company Ltd active from January 16, 2019, to January 15, 2020, in the name of its previous owner Robert, Das raised an accident claim. While a surveyor was sent to assess the car damage, the firm turned down the claim, stating there was no contract between Das and United India and it was not liable to pay. Das approached the I Additional District Consumer Disputes Redressal Commission with a complaint against United India Insurance on August 7, 2020. His lawyer presented his case while the insurer's Bengaluru representatives failed to appear.

(The writer is Petlee Peter.)

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CROP INSURANCE

Why a price insurance policy makes sense – The Tribune – 20th December 2021



THERE is a growing demand from a section of farmers' organisations for guaranteed Minimum Support Price (MSP). The Central government has agreed to constitute a committee to consider the issue. Now the onus is on the committee to come out with a solution amicable to all stakeholders — farmers as well as Central and state governments. As the proposal will have huge logistic and fiscal implications (estimated costs varying between Rs 1.5 lakh crore and Rs 2.5 lakh crore), which can be sustainable only if both Central and state governments share the burden. Agriculture is a state subject and the entire agricultural extension machinery is in the hands

of states, which can advise farmers on the correct choice of crop rotation, the use of right quantity of inputs, supply of irrigation water and most importantly APMC (Agricultural Produce Market Committee) markets.

Over the past two decades, since the introduction of the Model APMC Act of 2003, there has been some progress in agricultural market reforms, although uneven and sluggish, in terms of creating new private markets, setting up of farmers' direct markets, encouraging contract farming and ensuring timely payments to farmers.

Farmers' apprehensions about price volatility are real. For example, except paddy and wheat, where procurement is in a significant quantity and above 50% of the production, prices fluctuate widely in many states. During some years, farmers get good profits, while the losses are unbearable for them when the prices plummet. That's why they demand guaranteed MSP for their produce.

In any developing country, including India, price policies are always in favour of consumers, especially in the case of food grains. The Union government started the procurement of rice and wheat in the 1960s to avoid large-scale famines and maintain buffer stocks and distribute food grains through the Public Distribution System (PDS). However, over the years, because of surplus production and political pressures, procurement increased to three times the buffer stock norms. Though the MSP policy insured paddy and wheat farmers against the vagaries of the market and assured them just prices, it neglected other crops such as pulses, oilseeds, fruits and vegetables, resulting in little incentive to grow these crops and low production and supply, resulting in low consumption and mass undernourishment among children and women.

A major problem here is that there is no proper procurement mechanism except for paddy and wheat; in states such as Bihar and Jharkhand, even procurement of paddy is not taking place to a large extent. The procurement of the remaining 21 crops for which MSP is announced has always been in limbo. Although some states are procuring pulses and oilseeds under a decentralised procurement system, they cover less than 5% of the production.

India cannot achieve the target of doubling farmers' income just by guaranteeing MSP. The average monthly income from different sources per agricultural household (July 2018 to June 2019) comes to only Rs 10,218, as per the recent NSSO survey. Of the total income, only 37% is coming from cultivation/net receipt from crop production, while wages, animal-rearing and non-farm business together contribute about 61% of the income. It indicates that to increase farmers' income, rejuvenating rural economy is more important so that the demand for these allied activities will increase and have a positive impact on their income. Hence, guaranteed MSP should not be treated as a guaranteed income policy. It can be used as an instrument of price insurance for a broad set of crops.

The MSP is a price policy and not an income policy. The basic objective of the policy should be to safeguard the farmers from high volatility and low prices irrespective of the crops they grow. Although crop insurance schemes like Pradhan Mantri Fasal Bima Yojana (PMFBY) are in operation, they cover only the production risk, neglecting the price risk. The objective of shielding farmers from the price risk through a guaranteed MSP policy can be achieved through a budget of Rs.1.5-2.5 lakh crore, depending on the price levels in domestic and international markets. It also doesn't require procurement of the farmers' entire produce.

The quantity to be procured for paddy and wheat should be restricted to buffer stock norms and also public distribution requirements to minimise the logistic costs and wastages. The price deficiency payment scheme (PDPS) needs to be adopted for the remaining wheat and paddy produce and the 21 other crops. The existing price support scheme (PSS) for paddy and wheat needs to be changed from an open-ended practice to a restrictive closed scheme with emphasis on decentralised procurement with more responsibility on state government agencies, cooperatives and farmer producer companies. In this way, the government can meet buffer stock and PDS requirements and reduce logistic costs and wastages in warehouses.

The remaining paddy and wheat and the 21 other crops for which MSP is announced every year need to be covered under the PDPS, wherein farmers are paid the difference between MSP and the average wholesale price in the designated local markets if the average wholesale price is lower than the MSP. The farmers can sell in the open market. This is the most efficient method as it eliminates all logistic costs relating to procurement, storage and offloading. It can be implemented even in the remotest parts of India, given that now all farmers have bank accounts under Jan Dhan Yojana which are linked to land records, facilitating direct money transfer to farmers.

Rolling out of the PDPS is easy for all commodities and across the country as all necessary information for direct transfer of the price deficiency payment is already available. The PDPS was implemented in Madhya Pradesh and Haryana under the Bhavantar Yojana. Overall, while examining guaranteed MSP, the proposed committee needs to examine the logistic costs, fiscal burden, commodity-specific characteristics, the role of private players, new institutional structure required and methods to calculate price deficiency to accommodate opinions of the stakeholders.

(The writer is A Amarender Reddy.)

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Crop loss: Action sought against insurance firms – The Hindu – 19th December 2021



Accusing two private general insurance companies of cheating farmers by not paying them crop loss compensation, the former Navalgund MLA N.H. Konaraddi has urged the Deputy Commissioner of Dharwad to take action against them.

On Saturday, Mr. Konaraddi submitted a memorandum addressed to the Deputy Commissioner in which he alleged that private insurance companies — Bharti Axa and ICICI Lombard — had not credited the crop loss compensation under the Pradhan Mantri Fasal Bima Yojana to the bank accounts of the beneficiary farmers.

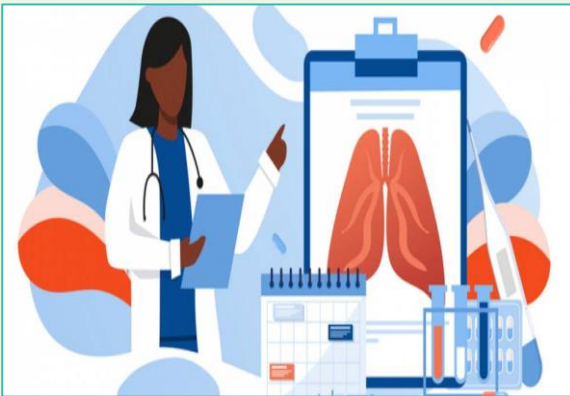
He said the companies had not paid the crop loss compensation for the years 2018-19 and 2020-21. Although they had filed a complaint against the insurance companies at Gokul Road Police Station in Hubballi, the police had not registered an FIR and asked him to file a complaint with the Deputy Commissioner, he said.

The private general insurance companies had also not paid compensation to the tune of ₹36 crore to chilli growers of Navalgund who had suffered crop loss in 2016–17. Although the farmers had paid the crop insurance premium, there was inordinate delay in disbursing compensation, he said. Later, speaking to presspersons, Mr. Konaraddi, who switched sides from the JD(S) to the Congress recently, demanded a ban on the MES for its frequent attempts to disturb peace and bonhomie between Kannada and Marathi speaking people in Belagavi.

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SURVEY & REPORTS

Over 60% of insurance policy holders from Mumbai are worried about being diagnosed with cardiovascular, respiratory diseases: Study - Pharma Biz - 23rd December 2021



More than 60 per cent of health insurance policy holders from Mumbai are worried about themselves or family members being diagnosed with cardiovascular diseases, respiratory diseases or diabetes in the future, according to a research study conducted by Kantar, and commissioned by Medix Global.

The study gathered insights by health insurance policy holders in Mumbai which revealed that 40 per cent of the respondents from the city have undergone regular check-ups for prevention and early detection of such diseases.

According to the study, only 27 per cent of Indians believe that they receive sufficient information by general practitioner to prevent disease or illness. The majority of respondents from the city polled (79 per cent) said they were strongly interested in a multi-disciplinary approach and personal case management services. Over 90 per cent had previously sought a second opinion after receiving a serious medical condition diagnosis, while more than 56 per cent said they would be likely to seek a second medical opinion in the future. “The Top issues that were in need of improvement according to the study are the quality and transparency of the medical system and affordability of treatment,” said Sigal Atzmon, founder & CEO, Medix Global.

According to the study, 3 in 5 Indians are already using teleconsultation, while 92 per cent of non-participants from Mumbai will likely use it in the future. While over 76 per cent of the respondents from the city claimed that the pandemic made them more likely to use digital health apps and teleconsultations in the future.

“With the rise of remote and digitally enhanced care, people are more open to trying new technologies. They want faster, safer and more affordable access to health services from the comfort of their own homes,” added Atzmon. This can also flatten the curve and enhance health equality. The study focuses on the insights of 1,000 Indian health insurance policy holders, aged between 30 to 59 years, during June 2021. The survey reflects their current sentiment, changing perceptions, and future outlook towards health concerns, available health care services and the increasing interest in digitized healthcare.

Commissioned by Medix Global, the Medix Medical Monitor Research survey was conducted by Kantar, a leading multinational market research firm, between June 7 to 25, 2021 and surveyed a cross-section of communities from Thailand, Hong Kong, Singapore, Malaysia, Indonesia, Vietnam, India, and Australia. The research covered consumers' awareness of, and behaviour towards, health issues, cancer and interest in digitized healthcare. Medix is using these results to understand key health trends in these markets and to gauge interest in its key service offerings.

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CARE: Gross direct premium for health insurance to grow at 26%-29% in FY22, segment remains in bright spot amidst Covid blues – IIFL – 20th December 2021



Despite income growth and savings being under pressure, CARE Ratings in its latest research said that the demand for health insurance has historically increased during pandemics. The rating agency sees health insurance in India to remain on a bright spot. According to CARE, Covid-19 boosted health premia and spiked claims which dented profitability.

Between FY14 and FY21, health insurance has grown rapidly in India at a compounded annual growth rate (CAGR) of 18%. Whereas overall non-life insurance has grown at 14%, consequently, health insurance's share has grown over 30% and has become the largest segment within non-life insurance in FY22. In its outlook for health insurance in India, CARE in its note stated that "we expect the gross direct premium for health insurance to grow at approximately 26%-29% in FY22 and is likely to grow at around 16%-18% CAGR over the next five years after FY22."

As per CARE's note, the growth would be driven by increasing life expectancy, urbanisation, income levels, and pandemic-led awareness, a higher number of individuals subscribing to health insurance, existing customers increasing their sum assured, availability of a wide range of products that offer varied health covers, depending on the need for the customers, and possible rate increase considering the increase in claim ratios in FY21 and 1HFY22.

CARE's note highlighted that the longer-term drivers include the fact that health insurance in India is highly underpenetrated and Insurance density and Health care expenditure as a percentage of GDP is quite low in India as compared to other countries. Furthermore, CARE said that as the sum insured is indemnity-based, with an increasing portion of customers purchasing higher sum insured policies, the rising claims could impact claim ratios, thereby requiring insurers to maintain adequate solvency margin buffers.

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Aon's latest nat cat report notes multi-billion dollar events in India, Canada – RE Insurance – 18th December 2021

Aon's latest monthly catastrophe report reveals how an active Northeast Monsoon affected parts of India and Sri Lanka from late October through November, killing at least 190 people in India and 27 in Sri Lanka.

Tens of thousands of structures and vehicles were damaged or destroyed, along with agricultural land and infrastructure.

Total economic losses within India's Karnataka and Andhra Pradesh states alone were estimated at over \$2.4 billion.

Meanwhile, a prolific "atmospheric river" caused catastrophic impacts in Canada's southern British Columbia province in mid-November, resulting in a province-wide State of Emergency and killing four people.

The economic loss was anticipated to approach or exceed \$2 billion in Canada alone, while damage to property, agricultural interests and infrastructure was widespread, resulting in notable supply chain disruptions.

Heavy rains also affected the US state of Washington, where additional economic losses were estimated to reach \$200 million.

“The reality of heavier rainfall events and subsequent flooding continues to become more evident on a seemingly monthly basis as new examples of extreme events occur,” said Steve Bowen, Managing Director and Head of Catastrophe Insight for Aon’s Impact Forecasting team.

“2021 has recorded several record-setting events in parts of Europe, Asia, Oceania and the Americas, which has further exposed structural, agricultural and infrastructure vulnerabilities to high-intensity, low-interval rainfall occurrences.

“Recent events in Canada, India and Australia serve as reminders of the need to navigate the increasing volatility of these events and the interconnected and more severe risks they present.”

(The writer is Charlie Wood.)

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INSURANCE CASES

Supreme Court asks insurance firm whether it has a conscience - The Hindu - 22nd December 2021



The Supreme Court has conveyed its anguish at the legal odyssey of a farmer and his wife, who had to battle a “high and mighty” State-owned insurance company for years together to get a ₹2-lakh compensation for their son, a young labourer killed by a truck.

“Deeply disturbed” by the trauma the old couple had to undergo, a Bench led by Justice D.Y. Chandrachud wondered where the insurance company possessed a “social conscience” at all.

The court also expressed its distress at a system which left a hapless farmer “to the mercy of the legal procedure”, like a kite in a hurricane.

“When will a high and mighty state-owned insurance company realise its social conscience? Our conscience has been deeply disturbed by the manner in which a farmer and his spouse have been left to the mercies of legal procedure. Should the insurer have dragged the parents to the High Court over the award of ₹2.64 lakh for the death of their wage earning son?” Justice Chandrachud wrote in the recent judgment for the Bench.

The court said it was a time for a “fundamental rethink”.

“Families of the victims of motor accidents cannot realise rights under law so long as litigation continues to be a stratagem and source of harassment and torture,” Justice Chandrachud noted.

The young man died in October 2004 when the truck from which he was helping unload goods lost control and dashed him into a tree.

He was at the time receiving a monthly salary of ₹2,400. The accident compensation was calculated at ₹2,64,895.

However, The New India Assurance Company Limited moved the Orissa High Court, which concluded that there was “no material to establish the wages paid”.

The couple had then appealed to the Supreme Court.

Justice Chandrachud said the dead man was an informal worker. Such employees are not provided receipts on the payment of wages.

The apex court said there was no reason for the High Court to have differed.

“A poor farming family is lost in a long drawn out battle to secure a paltry compensation of ₹2,64,895 awarded by the Commissioner of Labour for the death of their son for an accident which took place in 2004,” Justice Chandrachud observed.

The court also held that the couple were entitled to ₹1 lakh towards their litigation costs and expenses.

(The writer is Krishnadas Rajagopal.)

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Ahmedabad: 21-year insurance wait, fine for false claim - The Times of India - 22nd December 2021

A resident of Bhuyangdev, Punit Pithava, waited 21 years for a Rs 10 lakh claim after he lost his right leg in a road accident from insurer of an auto rickshaw, but the court instead fined him and ordered him to pay the insurance company Rs 10,000, for making a frivolous and vexatious claim. According to the case details, Pithava, 19 years old then, was riding a motorcycle with a friend sitting pillion on the evening of December 26, 1999. The motorcycle slipped near the Naranpura AEC office and he suffered a grievous injury to his right leg. On February 18, 2000, he lodged an FIR at Naranpura police station, accusing an auto rickshaw driver of rash and negligent driving saying he had hit his motorcycle from behind. Pithava also claimed compensation for the injury caused in the accident from the National Insurance Co Ltd, which had insured the auto.

More than two decades later, the court concluded that the claim was false. After perusing the evidence, the court concluded that Pithava’s father did not lodge FIR immediately after the incident thinking that the injury was not serious. When the hospital informed them about possible amputation of the right leg, the FIR and claim were lodged to extract money from the insurance company. The insurer also alleged collusion of the auto driver and owner with the complainant in this accident claim filed in the court. The court said the evidence suggested that the motorcycle had slipped when Pithava was trying to overtake the auto and he suffered the injury. It also said that the FIR was filed against the auto driver with false and frivolous allegations, and therefore the claim is not tenable in the eye of the law. The court thought it fit to dismiss the claim with a fine and ordered Pithava on December 16 to pay Rs 10,000 to the National Insurance Co Ltd within one month.

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HC stops mandatory deduction of health insurance premium from pension - The Times of India - 18th December 2021

The Uttarakhand high court on Friday ruled in favour of a pensioner who filed a petition against the mandatory deduction of health insurance premium from his pension. The division bench of Chief Justice RS Chauhan and Justice NS Dhanik stated that retired employees should not be forced to buy a health insurance plan against their will. The case concerns a PIL filed by Dehradun-resident Ganpat Singh Bisht, who is a retired Uttarakhand government employee. In his petition, he said that the Uttarakhand government deducts money from the pension of every retired state employee in the name of health insurance. He added that the purchase of a health insurance plan should be kept optional for state employees and premiums should not be mandatorily deducted from their pensions. In its ruling, the HC observed that the mandatory deduction of premium from pensions of state government employees is a violation of section 300 (a) of the Pension Act. Earlier, on December 21, 2020, the Uttarakhand government had issued a notice making health insurance premium a mandatory deduction from pensions of state employees from January 1, 2021.

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Annual Report 2020-21	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4615&flag=1

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