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QUOTE OF THE WEEK

“Truth is by nature self-evident. As soon as you remove the cobwebs of ignorance that surround it, it shines clear.”

Mahatma Gandhi

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INSURANCE TERM FOR THE WEEK

Concealment

Definition:

Concealment is the act of hiding or not putting forward any relevant fact in front of the insurer that need to be revealed. An applicant commits this fraudulent act intentionally or unintentionally that may lead to loss to the insurer.

Description:

An insurance contract is backed with the good faith between the insurer and the insured. All material facts create base for a strong insurance contract. Hence concealment may lead to risk for the insurer.

Source

INSURANCE INDUSTRY

Tiger dancers to get insurance – The Times of India – 30th September 2019



Very soon, artistes who perform pili (tiger) dance in the district will get insurance and housing schemes, not through the government, but courtesy a foundation.

Pilivesha (tiger dance) is an integral part of Tulunadu's culture and festivals, and it involves lot of practise sessions and acrobatics. Recently, during Janmashtami celebrations, two artistes met with accident and succumbed to injuries. Many such instances go unnoticed and considering this fact, Pilinalike Pantha, a group of tiger dance patrons, has set up Pili Nalike Prathishtana, to lend a helping hand to artistes, who are part of Pilivesha teams.

In addition to health insurance scheme, the Prathishtana also has plans to construct houses for artistes, who depend on Pilivesha for their livelihood. The concept of setting up a foundation for the welfare of tiger dance artistes was materialized by Congress leader Mithun Rai, who is also the president of the Dakshina Kannada District Youth Congress. In fact, Rai has been organising 'Pilinalike Pantha', an inter-district competition of tiger dance, in the city during Mangaluru Dasara for the past five years. He has plans to launch the foundation during the sixth annual tiger dance competition to be held on October 7.

Rai told TOI that the process of registering the foundation has been completed and that it will start functioning soon. "Our main aim is to help those Pilivesha artistes, who are poor. Initially, we will provide artistes and their family members with health insurance schemes. Later, we will provide houses for selected artistes in the next year. The logo of the foundation will be launched during the tiger dance competition of 2019," Rai said.

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Justice for all: Hike insurance cover on bank deposits - Deccan Chronicle – 28th September 2019

Fight against black money. Put your funds in the 'system'. Resort to online transactions. Cashless economy. Great slogans that seem like a cruel joke when you realise that the insurance on your bank deposits is capped at a meagre one lakh rupees, irrespective of the quantum of investment. This is as per

Section 16(1) of the Deposit Insurance & Credit Guarantee Corporation Act, 1961. What is the rationale behind a fixed amount? Shouldn't the insurance cover be proportionate to your holdings?

The original limit in the statute was one thousand five hundred rupees. There were periodic increases - five thousand rupees in 1968, ten thousand in 1970, twenty thousand in 1976 and thirty thousand rupees in 1980. In 1993, it was raised to a lakh. Twenty six years ago, a lakh was a big amount. Not today. Why has this remained dormant for more than two and a half decades? The Financial Resolution and Deposit Insurance Bill, 2017, which could have ensured a raise in that limit, did not come through.

So when hard working middle class folks who have put their life savings in banks, see justifiably distraught customers of the crisis hit Punjab & Maharashtra Cooperative Bank, who were initially allowed to withdraw just a thousand rupees in six months, later enhanced to ten thousand rupees, would they not have sleepless nights?

The Reserve Bank of India (RBI) may claim that over 60 per cent of customers of PMC bank can now withdraw their entire account balance, but what about the others who trusted the 35 year old multi-state bank and put their money in fixed deposits? If reports are to be believed, even an RBI Officers Society has a fixed deposit of over a hundred crore stuck with the troubled bank.

Are depositors entitled to a pro rata sharing of available funds, over and above the one lakh insured amount? In 2005, the Madurai Bench of the Madras High Court, hearing a writ petition, had directed the official liquidator to pay depositors their dues with accrued interest.

But the Supreme Court in Deposit Insurance & Credit Guarantee Corporation Vs Raghupathi Ragavan had overturned this decision. The Court ruled that "the High Court or any other authority has no power to direct payment in excess of `1 lakh by ignoring statutory provisions of the Act and the Regulations made thereunder."

In the opening paragraphs of this judgment, the apex court observed that "normally a person deposits his savings or invests his money by way of a saving bank account or a fixed deposit with banking companies, including cooperative banks, without taking much care to ascertain the financial condition of the bank, possibly because of the trust reposed by him in the Reserve Bank of India, which regulates the banking business in the country."

It added that "in the event of any financial difficulty faced by the banking company, the depositors would generally lose a substantial amount of their deposits, in whichever form made, because normally at the end of the winding-up proceedings, the unsecured creditors get very little."

The corporation has its tracks well covered under Section 21 of the Deposit Insurance & Credit Guarantee Corporation Act. Not only is it obligatory on the part of the Official Liquidator to pay the Corporation, the provision also stipulates that there shall be no other preferential creditor. The statute comes across as discriminatory and treats the ordinary bank depositor as a second class citizen.

Banks, it is said, pay one paisa for every hundred rupees insured. Raising the threshold, would inevitably push up the premium to be paid by banks. There was once a debate over whether the burden of the increased premium should be borne by banks or transferred on to the depositors! Just wow. Why not ask customers to also foot the bank's security agency bill?

What on earth is a safe place for honest tax payers to keep their savings? The stock market is volatile. Real estate is struggling. Cash at home is too risky, with the scars of demonetisation yet to heal. Gold? Fixed deposits, despite their low yield and zero tax benefits, have for long been the most trusted instrument. The depositor, who one would imagine, constitutes the life blood of the bank, is actually quite like a pedestrian on the road - a forgotten soul.

(The writer is Sanjay Pinto.)

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Source

Ensure Insurers Know the Climate - The Economic Times - 27th September 2019



Not everything people insure is benign. Insuring — and reinsuring — anything has its unintended consequences for the climate. With the growing realization of the environmental and societal implications of insurance, Indian insurers should distance themselves from anything that adversely affects overall sustainability. Globally, enlightened insurers are moving towards a principle of sustainable insurance, thereby attempting to create a more risk aware and resilient society dealing with climate change proactively.

Insurers are known for their expertise in pricing and quantifying risk — underwriting. Unfortunately, in the process, they not only end up insuring what contributes to carbon footprint but also investing their surplus funds into such businesses. So, ‘inadvertently’, they end up aiding and abetting climate change. Two camps are already emerging — players in the US who allegedly continue to support the fossil fuel industry; and the Europeans, who are increasingly distancing themselves from it.

There are compelling reasons why Indian insurers cannot afford to ignore the call for sustainability. Among the top 20 most polluted cities in the world, 15 are in India. We are also witnessing an alarming pace of deforestation, rising seas, eroding coastline, falling groundwater levels, melting glaciers, deteriorating air quality, and vehicular and industrial emissions.

While insurance remains highly under-penetrated, insurers have enough information to be the ‘go to’ for what is generally man-made but referred to as ‘act of god’ perils. By sheer instinct, insurers are caught in their own silos and miss out on leveraging the humongous diversity they have at their disposal.

Take what happened at Salamieh in Syria. One of the finest cotton-growing areas in the world was turned into a desert primarily due to excessive groundwater consumption. The dependent unemployed population moved into the urban hinterland and fuelled the brewing socioeconomic unrest that triggered a civil war.

If only crop or micro-insurers had picked up the early signals, today’s narrative may have been avoided. Insuring and investing in the fossil fuel industry are not the only triggers for climate change. Insuring, say, hydroelectric projects in vulnerable geographies, or asset-creation in earthquake- and storm-prone zones, will also ensure that the insurance, as well as the dependent population and businesses, remain fragile.

Writer Amitav Ghosh could not be more candid when he called flooding vulnerability levels of Mumbai and Chennai to be no different than that of Miami. A Fukushima kind of scenario, with an atomic energy plant sitting in the precincts of Mumbai, seems too far-fetched for most of us. But then, so does the thumb rule of a 1% increase in insurance penetration resulting in a 13% reduction in uninsured losses.

That’s only if we encourage the mushrooming of poor quality assets and then end up insuring them. Insurers invest in instruments prescribed by regulations, and wherever there is some freedom — say, in the equity space — the Endeavour is to get the highest yields. The total investment made by the Indian insurance industry last year was Rs 33.15 lakh crore.

The underwriting results — generally challenged as they are — make dependence on investment yields more compelling. In the meantime, something more serious is likely to knock on India’s door — as well as that of all other Asian growth markets — from ‘outside’: ‘dirty’ reinsurance.

If Europe becomes a ‘no zone’ for providing reinsurance capacity to carbon-intensive (read: fossil fuel-driven) businesses — which it could, for want of additional capacity —this could potentially creep into

our balance sheets. The financials of Indian insurers and reinsurers would, thereby, be further exposed to environment and social factors.

Collateral damage in the form of reputation risk and shareholder activism could also be triggered. What seems to have been forgotten, for instance, is the early murmurs against insurers investing in tobacco business. Life Insurance Corporation (LIC) and some State owned general insurers have significant investments in the likes of ITC. Coal India may be no exception.

Given the growth trajectory that the Indian insurance industry has assumed, it is high time to revisit the performance metrics. This ought to be aligned to long-term goals, rather than short-term standards that will not stand the sustainability test. Hitting the top line at any cost, including vying for meaty business to augment individual valuations or writing business from catastrophe prone locations, will amount to mindless allocation of capital. That climate change is very much a financial risk that could seriously erode the balance sheets of insurers, and has significant societal ramifications, needs to be recognised and accepted.

For any real impact to ensure both their own sustainability as well as that of the larger world, Indian insurers, like their counterparts elsewhere, must urgently — and consistently — focus on pursuing environmental, social and governance (ESG) criteria and sustainability as an essential part and parcel of their metrics.

(The author is Praveen Gupta.)

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Source

INSURANCE REGULATION

IRDAI sets up panel to standardise title insurance for home buyers in India - The Economic Times - 3rd October 2019



IRDAI is looking at developing a standard structure for title insurance which is mandatory for RERA registered projects. Title insurance provides indemnity to developers and subsequent home buyers of the property against losses due to defects in the title arising out of third-party challenges.

At present the issue of ownership or title is a large-scale problem in the real estate market. However, the insurance regulator's move will be helpful for home buyers in the long-run.

According to the The Insurance Regulatory and Development Authority of India's (IRDAI) order, as on October 1, 2019, "Title insurance products are currently

offered by only a few General Insurers in the Indian market. However, each insurer's product features vary in policy terms and conditions, scope of coverage, etc., based on the support received from their reinsurers. It is noted that the number of title insurance policies sold are minimal despite the availability of product for the last one and half years and the obligation cast in terms of Section 16(1) of Real Estate (Regulation and Development) Act, 2016 upon the promoter/developers to obtain the said policy. The feedback received from the Government of India reveals that the stakeholders, especially the Developers Associations have flagged the need for standardization in the Title Insurance Products"

According to the circular, IRDAI has set up a working group (WG) to revisit the product structure of title insurance. The WG consists of a 12-member team which includes representatives of general insurance

companies, Real Estate Regulatory Authority (RERA) and IRDAI. The WG has to submit its report in 12 weeks time from the date of the order.

The terms of reference of the working group are as under:

- To examine the Legal and Regulatory Framework in place and its impact on the marketability of title insurance in India.
- To study the structure of title insurance products available in the current Indian market and analyse the reasons for sluggish demand.
- To develop a standard title insurance product suitable to Indian market and recommend measures to spur the demand for the product.
- To suggest augmentation of reinsurance capacity within the domestic market.
- To examine any other aspect relating to title insurance products in India.

What is title insurance?

Title insurance is an insurance of indemnity. It basically provides indemnity to developers and the subsequent home owners of the property against losses and risks related to defects in the title of the property. It even covers issues which are not discovered prior to the commencement date of the policy.

How title insurance helps home buyers?

Even though title insurance may not be available for home buyers of individual land, it will still be beneficial for the society home-buyers. This is because when the title insurance policy is bought by a builder by paying the premium amount, it has to be subsequently assigned to the association of allottees of the housing societies, who are the ultimate beneficiaries of the policy.

In case of any claim by a third-party in the future, the title insurance can be invoked and can indemnify all the home-buyers to the extent of the loss incurred by them. All the defence or legal costs incurred including any out-of-court settlement are covered under the policy. This is in addition to a written affidavit that a builder has to provide to RERA that the legal title to the land on which the development is proposed has legally valid documents with authentication of such title if the land is owned by another person.

(The writer is Navneet Dubey.)

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Source

LIFE INSURANCE

Fighting global warming with a term insurance – Outlook – 3rd October 2019



Patna is facing floods. Earlier, Pune, Madhya Pradesh, Karnataka, Maharashtra, Rajasthan, Himachal among others, suffered flooding. However, during summer, these very areas are facing severe water scarcity, with depleting ground water. Needless to say, all is blamed on global warming.

However, to bring in a change, term insurance policy promises to be a good choice.

Tata AIA Life Insurance has introduced a new initiative named 'Rakshakaran Hero' wherein the insurer will be planting a tree for every Tata AIA Life Insurance term policy sold.

"We are really excited about the 'Rakshakaran Hero' initiative as it helps us fulfill our objective of 'giving back to society', by financially protecting people as well as protecting the environment. Our consumers

are heroes because not only do they protect their families' future but also secure our collective future by protecting the environment. Our consumers are the real heroes who are promoting our cause of environmental sustainability," Rishi Srivastava, MD & CEO, Tata AIA Life Insurance said.

The tree plantation work will be undertaken by Grow-Tree, an organization dedicated towards increasing the green cover in India.

When you buy the term insurance, a personalised certificate will be provided to the insured with policy document, which will give them information about the initiative. The letter will include unique number, a Geo Tag, for the sapling that has been planted in the name of that customer. They can virtually visit the sapling by logging onto the website.

(The writer is Nirmala Konjengbam.)

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Source

Term plan premiums explained – Mint – 29th September 2019

Life Insurance is not about investing your money to earn a return on it, it's about financial protection for

Name of the Insurer	Plan	Premium in ₹ as per age (yrs) of policyholder			Claim settled (% FY17)
		30	35	40	
Edelweiss Tokio Life Insurance	mylife+ : term	8,496	10,042	12,827	97.78%
Bharti AXA Life Insurance	FlexiTerm	8,260	10,384	13,570	96.29%
Max Life Insurance	Online Term Plan Plus	8,378	10,384	13,334	95.26%
AEGON Life Insurance	iterm	7,497	9,512	12,717	94.56%
Life Insurance Corporation of India	e-Term	17,044	21,061	26,597	94.45%
Tata AIA Life Insurance	Life Insurance iRaksha Supreme	8,732	10,974	15,104	94.00%
Aviva Life Insurance	i Term Smart	7,886	9,662	12,409	92.25%
SBI Life Insurance	eShield	11,092	13,228	16,154	92.13%
Canara HSBC Oriental Bank of Comm. Life Ins.	iSelect Term Plan	7,379	8,849	11,464	92.03%
ICICI Prudential Life Insurance	iprotect smart	9,740	11,919	15,252	92.03%
Aditya Birla SunLife Insurance Co. Ltd.	Online Term Plan	9,522	11,516	14,578	90.51%
Exide Life Insurance	Elite Term	9,809	11,680	14,343	89.61%
IDBI Federal Life Insurance	iSurance FlexiTerm	9,251	11,257	14,089	89.39%
Kotak Mahindra Life Insurance	Kotak e-term Plan	8,968	11,092	14,986	88.88%
DHFL Pramerica Life Insurance Co. Ltd.	Flexi E-term	7,734	9,482	12,201	88.68%

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

SANTOSH SHARMA/MINT

your loved ones. And the most efficient way to do that is through a term insurance policy. This policy does not invest your money which means you pay only for insurance and after the policy term ends you don't get any money back. But on death during the policy term, it pays a huge corpus to the nominees that can help them tide over any financial crunch and ensure their live are not thrown out of whack. A term plan is the only kind of life policy you need to have because it gives you a large cover for low cost. Read here to know more about term plans.

However keep in mind that buying a term plan also needs due diligence at your end when filling up the insurance policy form called as the proposal form.

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Source

Biggest life insurance mistakes to avoid: Ignoring these will cost you dearly - Financial Express – 27th September 2019



The need to have life insurance arises the moment one has financial dependents. Students and unmarried individuals with parents who are financially dependant on them may also need a life insurance policy. As one age and financial liabilities rise, the need to get life insurance also rises. While buying there are some life insurance mistakes that one may commit. Knowing them helps to avoid them while ignoring them could cost you a lot.

Remember, at every life stage of an individual, the requirement may vary but having a life cover is a must. There

are different life insurance companies but life insurance types is largely similar among them. What is important is to get the life insurance policy with the right amount of life cover or sum assured and at the right price i.e. by paying the right premium amount. To achieve this, there are certain life insurance mistakes to avoid so as to make the right purchase decision.

Let us look at some of the important life insurance mistakes to avoid while evaluating life insurance policies:

1. Do not treat insurance as investment

Life insurance acts as an income replacement tool. To consider life insurance as an investment is one last mistake you will want to commit. The purpose of making an investment is to seek high returns commensurate with risk while the objective of life insurance is to protect your savings and investments. Ideally, they should complement each other and not be treated equal. To compare life insurance and investment pros and cons is not the right approach and neither should one look at life insurance investment advantages and disadvantages. Investment can be for short-medium or long term while life insurance products are by nature long term products. Also, investments are cost-effective compared to life insurance as they are meant to provide for administration expenses, mortality and other charges.

2. Not estimating life cover requirement

‘How much life insurance do I really need’ is what most of us want to know. The amount of life insurance in terms of sum assured is important to be determined before buying a cover. Estimate the need after a proper need-based analysis after taking your long term goals such as children education, marriage etc into account. One may decide to arrive at life insurance requirement based either on one’s annual income or annual expenses. There are several life insurance calculator to help you get the right sum assured. As a thumb rule, one should keep sum assured of at least ten times of annual income. Avoid the mistake of buying life insurance on ad-hoc basis or merely for tax savings.

3. Choosing wrong policy

There are various types of life insurance policies – Term insurance, Return of Premium Term plans, Traditional plans including money-back and endowment, Ulips etc. Buying any one without understand how it works is a big mistake that one may have to repent later on. Knowing life insurance as to how it works is important before you buy. Also, within each category, do not merely consider life insurance quotes pr premium to decide. See, if it helps you meet your long term goals. Buying a wrong life insurance policy costs a lot later on.

4. Making early surrenders

Life insurance being long term in nature, the cost of early exit before maturity can cost a lot. One can opt for life insurance surrender before maturity but in some life insurance surrender value is very low. Premium needs to be paid till end of policy term and surrendering before maturity incurs surrender charge. Even after making the policy paid-up, the advantage of life insurance gets lost. In ulips, surrender charges are generally nil after five years of policy. Still, as costs in Ulips are front-loaded, the returns

hamper in case of early exit. Choose the right policy initially to avoid the mistake of surrendering it later on.

5. Guarantees at a cost

The life insurance guaranteed plans are quite popular in the industry. The guaranteed life insurance plans including the guaranteed income plan have an additional in-built cost to take care of guarantees. Even the premium in such plans are high compared to a bonus-based non-guaranteed insurance plan. Guaranteed life insurance plans may suit some but not and hence understand the cost-benefit of them before buying to avoid any mistake in locking funds over long term not in-line with your need and goals.

(The writer is Sunil Dhawan.)

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Source

IRDAI issues new norms to curb life insurance misselling, makes illustrations mandatory - The Economic Times - 27th September 2019



In a strong effort to increase transparency and curb misselling of life insurance policies, IRDAI has directed insurers to: mandatorily issue benefit illustrations based on two different assumed rates of return as per a prescribed format; get these signed by the policy holder and agent/insurer; make these a part of the policy; write a warning-type advisory/alert about the non-guaranteed portion of the returns and ensure that all terms and conditions are displayed on main screen in case of digital sales (instead of hidden behind hyperlinks).

Insurance companies must comply with the above by December 1, 2019. The Insurance Regulatory and Development Authority of India (IRDAI) had earlier too asked insurers to provide benefit illustrations but there was no deadline set for compliance. Consequently, most insurers were not following this rule.

A circular stating the above was issued on September 26, 2019 addressed to CEOs of all life insurers. According to the circular, life insurers must show the projected rate of return in their traditional insurance policy products (non-linked) as well as unit-linked insurance plan's benefit illustrations.

From December 1, 2019, IRDAI has made it mandatory for insurers to provide policyholders customised benefit illustrations that project their accumulated corpus at various stages assuming gross investment returns of 4 percent and 8 percent for each policy, i.e., there will be two investment growth scenarios projected for each policy.

The IRDAI circular states that the expected accumulated value on the date of vesting on the basis of gross investment returns as stipulated by the Authority from time to time, with the caveat, that the projected rates shall not reflect any guarantee. Currently the gross investment returns are 4% p.a. and 8% per annum.

The IRDAI circular directs as follows:

Every insurer carrying on life insurance business have to provide customised benefit illustrations to proposers or policyholders at the point of sale for all products, except those issued under IRDAI (Micro Insurance) Regulations, 2015, Guidelines on Point of Sales (POS) - Life Insurance Products, 2016 and IRDAI (Insurance services by Common Service Centres) Regulations, 2019 as amended from time to time. Such benefit illustration shall be signed by the prospective policyholder as well as the insurance agent or authorized person of intermediary or the insurer involved in the sales process, as the case may be and should form part of the policy document.

Further, the benefit illustrations have to be as per a specific format prescribed by the IRDAI. The circular contains annexures specifying formats for these illustrations for different types of policies.

The circular further states:

The illustrations shall be clear and fair to enable a customer to make an informed decision. They shall clearly distinguish between guaranteed and non-guaranteed benefits and state that the quantum of benefits in respect of non-guaranteed category may vary.

The following phrase must appear on the front page of illustrations in the same font size as the rest of the text: *Some benefits are guaranteed, and some benefits are variable with returns based on the future performance of your Insurer carrying on life insurance business. If your policy offers guaranteed benefits, then these will be clearly marked "guaranteed" in the illustration table on this page. If your policy offers variable benefits, then the illustrations on this page will show two different rates of assumed future investment returns. These assumed rates of return are not guaranteed, and they are not the upper or lower limits of what you might get back, as the value of your policy is dependent on a number of factors including actual future investment performance.*"

The Appointed Actuary and the Chief Executive Officer / Principal Officer shall approve all illustrations. Further, the benefit illustrations shall also be placed before the Board of Directors for information. Any illustration which becomes misleading following any material change of circumstances shall be discontinued forthwith.

Insurers shall review the assumptions used in the benefit illustration during the annual actuarial valuation and revise the BI wherever required. The insurers shall file the revised the benefit illustration with the Authority within a period of fifteen days from the date of such revision.

In case of online sale:

In case of online buying of policy, the insurer has to email the final customised benefit illustration to the registered email ID of the proposer immediately after the policyholder submits the proposal form online. "The illustration should be provided to the policyholder before the payment of proposal deposit," according to the IRDAI circular.

The customized benefit illustration shall necessarily be generated in the prescribed format before the prospect is directed to fill up the application form and pay premium. It shall be ensured that all the terms and conditions, declarations, notes or disclosures are displayed on the main screen. No terms and conditions, declarations, notes or disclosures should be made available through an option of clicking a hyperlink.

Specific and separate confirmation for benefit illustration shall be obtained from the proposer about understanding the benefits illustrated. There shall be provision for saving and generating a printout of the final customised Benefit Illustration by the proposer. The final customised Benefit Illustration shall be emailed to the registered email ID of the proposer immediately after his or her online submission of the proposal form and before payment of proposal deposit.

IRDAI further underlines the reason for imposing these conditions by stating: " Considering that life insurance is essentially a long term financial instrument, a fair and transparent sales process with meaningful, timely and relevant disclosures, is very important to ensure good customer outcomes and protect the interests of insuring public."

What is a life insurance policy illustration?

A life insurance policy illustration is a set of projections, prepared by the actuaries (professional dealing with the measurement and management of risk and uncertainty involved in policy product) of the insurance company. The illustration basically shows how your (policyholders) insurance policy will perform over a period of time. It includes financial projections for every year until the maturity. However, you must know that these set of projections are based on certain assumptions and does not guarantee how much your policy will be worth in any given particular year, except where values are clearly stated as 'guaranteed.'

The customised benefit illustration includes insurance product's name, policy term, benefit amount (maturity proceeds), the premium to be paid, etc. The illustration also includes policy riders if opted any.

(The author is Navneet Dubey.)

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Source

GENERAL INSURANCE

Cyber insurance cover sales rise as attacks increase - Financial Chronicle - 1st October 2019



With growing trend in cyber attack that has huge financial implications, cyber insurance is growing at a rate of around 50 per cent in India in terms of policies sold on year-on-year basis. The growth in premium paid is stands at 35 per cent, according to the industry estimates.

It is learnt that cyber attack cases have gone up to more than 50,000 incidents till 2017. According to the latest data available from the Indian Computer Emergency Response Team (CERT-In), an office within the Ministry of

Electronics and Information Technology, "India has encountered 49,455, 50,362, and 53,081 cyber security incidents in 2015, 2016, and 2017, respectively."

Top insurance brokers who deal with the crisis are of view that cyber risk is a top order item for any board across the globe. "It is recognised as a real threat and several risk-management measures have been adopted by the companies, depending upon their positions and requirements," they said.

Global Insurance Brokers Chairman Prabodh Thakker said, "Cyber Insurance solution is widely accepted as a good risk transfer option. Cyber insurance being a popular product is growing at 35 per cent year-on-year premium basis and almost 50 per cent on policy count basis."

He, however, declined to state the total value of premium and volume of policies. The growing incidences of cyber attacks have helped insurers increase their business under this segment. But the cyber security-insurance market is still at a nascent stage in India.

A push from government and regulatory agencies could help expand adoption of cyber insurance. Supriya Rathi, Director at Anand Rathi Insurance Brokers, said, "While the Irdai has already mandated the insurers to have cover against cyber crime, in the case of banks, the RBI has only issued a set of guidelines in this connection rather than mandating the same."

According to Sanjay Datta, Chief Underwriting, Claims and Reinsurance — ICICI Lombard, going by ransomware attacks and other cyber risks, India is likely experiencing a significant increase in cyber risk exposure. As per a report by IT security solution provider Quick Heal, a staggering 973 million instances of attacks have been registered on Windows machines in the past one year, which can be roughly equated to 1,852 Windows machines being affected every minute of the year.

"A recent survey by UK-based endpoint security provider Sophos has found that 76 per cent businesses were hit by cyber-attacks in 2018, while globally 68 per cent organisations admitted cyber-attacks last year," Datta said, adding that India is the country with third highest number of cyber-attacks in 2018 after Mexico and France.

(The writer is Madhusudan Sahoo.)

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Source

With high charges for insurance, India is no country for old men – The Times of India – 30th September 2019



Sridhar Yahambaram, 65, and his wife Margatha, 60, were taken aback when their health insurer of 22 years suddenly increased their premium by 70%. The childless couple in Bengaluru discovered that the annual renewal cost for their individual health insurance policy jumped from Rs.7, 550 to Rs.12, 835.

Because they subsist on pension, and barely make it through each month after meeting household expenses, paying rent, medical bills and consultation charges for his rheumatoid arthritis and her asthma, they say they may discontinue the policy.

“The insurance doesn’t pay for my consultations, pills and treatment. We bought this policy so we are covered for things like major surgery or accidents,” Sridhar said. Many insurance policies, particularly older ones, do not cover outpatient treatment.

Sarosh Barucha, 84, says United India Insurance Co increased the cost of his 70-year-old wife’s individual health policy by 114%. “The premium was Rs.9, 647 for many years but this time, when

we renewed the policy, we had to pay Rs 20, 621,” he said. “United India is a government-owned company. Is this the way the government treats an old couple? We live on interest, which reduces as our expenses increase.”

A salaried professional with employer-provided insurance says he discontinued his mother’s Mediclaim policy when she turned 79. “The premium became a large chunk of the Rs. 3 Lakh cover even though there were no claims for over a decade,” he said.

Activists say the Insurance Regulatory and Development Authority of India should take cognizance of this because it is unfair to hike charges for senior citizens whose incomes reduce or are limited, even as their expenses increase.

“Whatever insurance companies charge is approved by IRDAI,” said R Sankariah, insurance activist and industry veteran. “Every product has to be filed with the regulator, including the premium hike.”

Experts say insurers often do not warn customers beforehand of price hikes and customers, unaware of regulations, are helpless. “Insurers can’t hike premiums without the written consent of senior citizens,” said Sudha Ramanujam, who works with the office of the insurance ombudsman in Chennai.

The ombudsman has penalised insurers multiple times for failure to warn customers and for not explaining options available to older people. “Insurance companies are supposed to sit with senior citizens and discuss their options,” Sudha said. “If a senior citizen cannot afford a premium increase, the company should allow him to migrate to another plan or to port to a different firm. They cannot arbitrarily send notices to elderly people. We receive a lot of complaints from senior citizens about this.”

Insurers, for their part, say the issue is not as simple as it seems because premiums are calculated based on past claims, average life expectancy, consumer inflation and medical inflation among other things.

“It would be shocking if a person who has not made claims for a decade, between when he was 69 and 79, is suddenly told that his premium has doubled,” said Rashmi Nandargi, head of retail health, PA and travel underwriting at Bajaj Allianz General Insurance. “But it is not a decision taken at an individual’s level. The rates insurers charge are based on the age band, geography and gender. If a certain age band, say, 60-70, has higher claims, the premium goes up for all policyholders in that age band — including the 79-yearold who hasn’t filed a single claim.”

Insurers also say it can be slightly cheaper for senior citizens to take a base policy and then a top-up for better coverage. "If a senior citizen wants medical coverage of Rs. 10 lakh, the premium would be Rs.17,000," Nandargi said. "But if he were to take up a base policy of Rs. 5 lakh (premium Rs. 12,000) and get a top-up Rs.5 lakh cover (Rs. 2,600), the premium would be lower."

Insurance firms also say it is up to the government to make things more affordable for seniors. "The government should give senior citizens more tax breaks," said Sanjay Datta, chief of underwriting claims at ICICI Lombard. "But unaffordability of healthcare for seniors is a social issue."

Insurers say older people have more ailments so it's a matter of prudential underwriting. "Senior citizens are more likely to have cataract, lung diseases, respiratory ailments, knee cap surgeries, etc, so they are charged more," Datta said. "But it is possible for seniors to break up their risk with comprehensive indemnity cover from a general insurer and a critical illness plan from a life insurer."

(The writer is Rachel Chitra.)

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Source

New IRDAI rule: Forced to buy travel insurance by agent? Do this – Financial Express – 30th September 2019



The Insurance Regulatory and Development Authority of India (IRDAI) has introduced certain customer-friendly guidelines for the General and Standalone Health Insurance Companies to offer on their travel insurance products. The guidelines make it clear that in case of domestic travel, the premium cannot be received by the insurers more than 90 days in advance from the date of commencement of the risk or while purchasing the travel tickets, whichever is earlier. However, covers towards overseas travel may be issued at any time and there will not be any time stipulation applicable to the overseas travel cover.

Further, IRDAI has issued certain norms to be followed for the travel insurance policies offered under Group platform or through any travel agency or portal.

Here are some of the important travel insurance guidelines:

Insurers are responsible to ensure that an informed choice is made by the persons who are going to be insured.

The prospect shall be able to specifically choose whether or not to buy the coverage.

- The insurer's name, the premium amount needs to be specifically disclosed as the cost of travel cover, at the time of opting to buy a travel insurance cover. The tax portion needs to be shown separately.
- Insurers shall ensure that any portal or App providing the travel insurance coverage shall not pre-select the option of buying the travel cover as a default option.
- Where selected to buy, an option shall be provided for opting out or de-selecting the option before concluding the transaction.
- There shall be a provision to let the person to be insured buying a travel cover go through the benefits, terms and conditions offered under the travel insurance cover on the screen itself and consent shall be obtained in the form of selecting a radio button by the prospect / policyholder in confirmation of having read and understood the terms and conditions.

"Though domestic travel insurance remains a small portion of the business, the new norms announced by IRDAI will benefit both the insured and the insurers. Considering that the changes come in the backdrop

of the travel insurance business for the industry gaining momentum, the move of providing those booking tickets the option of whether they want the cover or not is a welcome step. The consumer thus will not only be aware of what he is buying, but also get to read the terms and conditions and agree to them. The norms will bring in greater transparency for the insured and insurer and also curb mis-selling," says Gurdeep Singh Batra, Head, Retail Underwriting, Bajaj Allianz General Insurance.

So, the next time when you make your travel plans and if you are asked to add a travel insurance policy, you know what to do. If a travel insurance cover is to be added, read the inclusions and exclusions before buying it.

(The writer is Sunil Dhawan.)

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Source

Gujarat Chamber of Commerce and Industry urges companies to speed up insurance claims – DNA – 30th September 2019



Gujarat Chamber of Commerce and Industry (GCCI) wrote to general insurance companies saying that the insurance companies should expedite the claims of losses to businesses caused due to the recent heavy rains.

The rains had resulted in huge losses in places like Vadodara, Bharuch, Surat as well as in parts of Saurashtra and north Gujarat.

Businesses are already facing a slowdown, they are also complaining of a shortage of liquidity in the market. Under such conditions, rains in July and August had caused damage to goods and properties.

If insurance claims are expedited, businesses will get the much needed funds, said sources. Gujarat has received more than 125% of average yearly rainfall. Consequently, industry and trade have been severely affected in majority districts of the state.

"Earlier, we had requested your organisation to organise claim clinics at taluka and district level for timely and speedy settlement of insurance claims of industry," said a letter of GCCI to insurance companies.

"Now, even Insurance Regulatory and Development Authority of India (IRDAI) has issued guidelines to insurance companies with regard to insurance claims of the recent floods in Gujarat," the letter continued.

The apex trade and industry body of the state has also asked the companies to furnish details of 'claim clinics' along with details of offices or special camps set up for the purpose and outreach exercise conducted to enable filing of claims. In addition to this, it also asked for the details of dedicated nodal officers.

GCCI president Durgesh Buch has also suggested that the claim form is as simple as possible and the investigation is hassle-free and expedited. "Under current circumstances, it is necessary that claims are settled and payments made as fast as possible. Once the inspection gets over, 75% of amount should be released on next day itself.

Buch told DNA that the issue will be taken up this week as well and each and every company would be individually contacted so that claims are settled at the earliest.

Source

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This World Tourism Day learn how to choose the right travel insurance policy –Financial Express – 27th September 2019



The very thought of getting emergency medical treatment at a foreign land is scary as it can prove to be way costlier than you may think. To avoid getting trapped in such a situation, it is better to invest in a comprehensive travel insurance policy that protects you and your travel companions from a financial catastrophe at an international destination.

However, just buying any travel insurance policy does not solve the purpose as it is equally important that you choose the right insurance plan.

You need to check all the offered benefits very carefully and also the exclusions. Blindly depending on the travel agent for your travel insurance can later prove to be very expensive for you. This World Tourism Day, let us all make sure that before going for a holiday or a business trip outside India, we always take the right travel insurance policy. Here are some important things that you must consider to ensure you have the right travel insurance cover.

Existing Medical History

While buying a travel insurance, do check if any of your travel companions has any pre-existing medical conditions that may require emergency attention. If yes, go for a policy that adequately covers pre-existing diseases especially in life-threatening situations. During your holiday abroad, you would never want to be in a situation where you are not able to have access best healthcare when you need it the most. Before buying a policy, do properly discuss with your travel companions, understand their health conditions and make a clear and complete declaration in the proposal form well in advance, else your claim may get rejected.

Extent of Coverage

Since one of the most crucial elements of travel insurance cover is emergency medical care, it is important for you as a policy seeker to accurately mention the date of birth of all the travellers as mentioned on the passport. In case you are travelling with any senior citizen, it is important that you have more than adequate cover, irrespective of the destination or the duration.

To know the extent of coverage, it is important that you inquire with your advisor about the policy document. The policy document will help you better understand the medical cover completely and keep an eye on any additional limits in the cover. Usually, insurers put a cap on hospitalisation limit or on the cost of specific treatments cost, especially for senior citizens.

On the Basis of Destination

If you are travelling to a developed country like the United States, United Kingdom or Singapore, it is important that you have a large cover, especially if the duration of the trip is more than two weeks. The average cost of a single emergency room visit in the US is \$1000, while the average cost of a single emergency room visit in Singapore is ~SGD 300. Keeping these expenses in mind, even a short visit to a hospital can burn a huge hole in your pocket.

In order to avoid being trapped in such a situation, it is better to go for a higher sum insured when travelling to developed countries. However, while travelling to developing countries, travel insurance with lesser sum insured also solves the purpose.

Purpose of Travel

If you are travelling abroad for a leisure trip and plan to participate in different adventure experiences/sports like bungee jumping/ scuba diving, you must invest in travel insurance that covers all such risks. In case you are sending your child abroad for higher studies, you must explore special long-term travel insurance covers that are specifically customised for student travellers. Also, make sure that

the plan covers expenses for you or your spouse travelling abroad to attend your child in case of he/she falls sick in the foreign country. All student travel plans are generally available for duration of 2 to 5 years. Always choose your plan yourself and wisely and never rely on your travel agent alone to choose your insurance policy.

(The writer is TarunMathur, Chief Business Officer-General Insurance, Policybazaar.com)

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Source

HEALTH INSURANCE

HEALTH INSURANCE ALERT! Insurers hail new guidelines - Check your list of win-win benefits - Zee Business – 3rd October 2018



IRDAI Alert: The Insurance Regulatory and Development Authority of India (IRDAI) has issued a new circular advising the guidelines on the filing of minor modifications to approved individual health products subject to certain conditions. These minor modifications will be allowed on a certification basis without having to go through the regular filing process. In this new circular, insurance companies need not file for permission from the IRDAI for raising or decreasing insurance premiums up to 15 per cent. Subject to certain

conditions, the insurer need not take the approval of the IRDAI in changing the sum assured, changing the product name etc. While issuing the new circular, the IRDAI said that its objective behind this move is to standardise and rationalise the exclusions in health insurance contracts.

Speaking on the benefits trickling down to the policyholder Dr. Shreeraj Deshpande, Chief Operating Officer, Future Generali India Insurance said, "The regulator has stipulated that all new products filed effective from 1st October 2019 would be as per these guidelines. All existing products would continue until October 2020, however, insurers would have to withdraw all existing products, which do not conform to these guidelines effective from October 2020. This indicates that the insurance companies will have to revise all existing products to conform to these guidelines before October 2020." Deshpande said that policyholders should ensure that they personally fill up the proposal forms and disclose all information correctly to the insurance company.

Expecting transparency in health insurance sector Subramanyam Brahmajosyula, Head — Underwriting & Reinsurance, SBI General Insurance said, "The circulars issued by the regulator will assist in bringing greater clarity in the health insurance space. Apart from the adoption of standard wordings, there are now clear guidelines on what can and cannot be excluded under health insurance policies. Policyholders would also be able to take advantage of modern treatment methods which can no longer be excluded under health insurance policy contracts. These initiatives will make insurance products more customer-friendly by eliminating grey areas in health insurance coverage. We expect that these measures will improve the penetration of health insurance in the medium to long term."

Following are some of the key features of the IRDAI new guidelines to the insurance companies:

- 1] Addition of premium payment options in terms of allowing premium payment in installments;
- 2] Addition of distribution channels. Eg; if a product has been filed with an intent to sell it through agency channel but it is proposed to also offer it to banc assurance channel;
- 3] Change in premium rates of +/- 15 per cent;
- 4] Addition of riders or add-ons to the product;
- 5] Minor changes in policy wordings;
- 6] Change in name of product;

- 7] Change in sum insured options;
- 8] Decrease or increase in minimum and maximum premiums for the product;
- 9] Decrease or increase in minimum and maximum entry age; and
- 10] Addition of critical illnesses.

The provisions of the above-mentioned IRDAI guidelines shall be applicable in respect of all health insurance products (Other than Personal Accident, Domestic and Overseas Travel Policies) (both Individual and Group) referred to in Clause (2) above filed on or after 01st October 2019.

(The writer is Asit Manohar.)

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Source

2.2 cr health insurance beneficiaries in state - The Tribune – 4th October 2019



The publicity hoardings about various schemes put up across the state recently by the government are flashing some astonishing figures. Going by the figures, 2.2 crore of the state's nearly 3 crore population has been covered under the Sehat Bima Yojana, which means 73 per cent of the population of Punjab is under its ambit.

Another figure reads that 1.37 crore beneficiaries are covered under the Atta-Dal scheme, which implies that as many as 45 per cent Punjabis have annual family income less than Rs 60,000. Officials say their figures are very conservative and well within the parameters defined by the Central Government.

Anindita Mitra, Director Public Relations and Director Food Supplies, says, "The Centre has frozen the limit of number of beneficiaries of the scheme in Punjab to 1.41 crore. This is because the government has fixed a limit of covering up to 54 per cent rural population and up to 49 per cent urban population under the scheme. We can incorporate 4 lakh more beneficiaries under the scheme."

Officials said 36 lakh families of Punjab had been covered under it. "We have been continuously deleting undue beneficiaries. Our survey will end in December," Mitra said.

On figures related to Sehat Bima Yojana, a public relations officer pointed out, "When 36 lakh blue card beneficiaries have been included, 4.94 lakh J-form holding farmer families have been covered, 2.8 lakh small farmers, more than 2.38 lakh registered construction workers, 46,000 small traders and 4,500 journalists have been covered, it is obviously like getting almost the entire Punjab covered."

(The writer is Deep kamal Kaur.)

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Source

Soon you can pay your health insurance premium monthly - Business Today – 3rd October 2019

Insurance regulator IRDA has overtime brought in multiple regulatory changes to make them more customer friendly. Recently, the insurance regulator came out with another such change to ease the process for making minor changes in existing policies.

"Currently, insurance companies have to follow the complete filing process in case they have to make a modification in the existing approved product. The minor modification ruling is a welcome move. It

simplifies processes and empowers insurers to make minor changes in existing policies with ease," says Shanai Ghosh, CEO Designate, Edelweiss General Insurance.



These changes are generally introduced on the basis of consumer feedback.

"Minor modifications that insurers initiate after feedback from customers can now happen much quicker. This includes additional frequencies of premium payment and add-on riders," says Shreeraj Deshpande, Chief Operating Officer, Future Generali India Insurance Company Limited.

Following are some of changes that IRDAI has allowed insurance companies to implement in the existing policies using the certification method:

- If an insurance company wants to add premium payment options with existing policies, it can do it now. Right now, only health insurance companies offer an annual premium payment option. Now, insurers can give quarterly or monthly payment options as well. This will help more people buy health insurance as smaller premium will increase affordability.
- Changes in base rate premium not exceeding +/- 15 per cent of the premium can be done.
- "This is a welcome move by the regulator as it enables insurance companies to make modifications in short notice and introduce them in the market. For example, if a product has been performing well for an insurer and it decides to pass on the benefit by way of reduced premiums to the customer, it can be done quickly now. Similarly, if there is a requirement to increase the maximum entry age for a product (the maximum age at which a customer can first purchase the policy) the same can be done without going through the normal filing procedure," says Subramanyam Brahmajosyula, Head - Underwriting and Reinsurance, SBI General Insurance.

Now, insurers can also add approved standalone riders or add-ons with approved individual health insurance products. Also, features such as addition of critical illnesses under benefit -based products and expansion of list of day care products are some of changes that can be easily introduced in existing policies.

(The writer is Renu Yadav.)

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Source

Cooperative insurance: Novel financing model aims to deliver healthcare to the middle-class segment - The Hindu Business Line – 2nd October 2019

A group of hospitals in Karnataka is exploring a financing model to address gaps in healthcare that do not get covered by private and government-run insurance schemes.

"We are trying to get a consortium of hospitals together in Karnataka where we create something like cooperative insurance," Viren Shetty, Executive Director and Chief Operating Officer, Narayana Health, told Business Line .

The intent is to cover the middle-class, which is neither covered by private insurance policies nor by the government-run health insurance schemes, (government-run schemes cover only the economically weaker sections of society). The new plan also seeks to provide preventive healthcare, said Viren. The proposal is expected to be ready in a year.

The flaw in the existing state-run health insurance and the Centre's flagship Ayushman Bharat is that it covers only hospitalisation, said Viren. "Only 10 per cent of the country's population has private

insurance, 40 per cent will be covered under Ayushman, but that still leaves 50 per cent of the population neglected.”



Narayana Health founder and cardiac surgeon Devi Shetty added, “These (government-run insurance schemes) are for the BPL (below poverty line), genuinely poor people. But there is a big segment of people earning Rs. 30,000 to 80,000 per month. They don’t have a financial intermediary. The whole idea is to create a financial intermediary.” Viren, along with his father Devi Shetty, was in Mumbai to announce that 200 cardiac surgeries would be done at the Narayana Health-managed SRCC Children’s Hospital for children from weak economic backgrounds, under various government schemes.

Part of non-profit society

Explaining the mechanism of the consortium, which is still under discussion, Viren said, hospitals will be part of a non-profit society. “We’ll agree on a set of prices, set of best practices, the facilities and on the number of procedures to be done, and how much it should cost. We can then calculate how much to charge each person. And so, when you have a large enough population, the risk gets pooled. And then you have taken out third-party administrators and intermediaries with their own cost structures. So, if Narayana Health says we’ll manage 10,000 patients, there’s an incentive to keep them healthy. We don’t have to do surgery.”

The idea is also prevention, said Viren, addressing the loophole of health insurance that largely does not pay for Out-Patient (OPD) services. “OPD can be a valuable tool to prevent surgery. But insurance only pays for surgery.”

Need for new models

Explaining the need for new models of healthcare financing, Viren said, the Indian landscape was looking “disturbingly” like the US market. “So, in an insurance model, there’s no amount of money that you can keep giving that there won’t be an infinite demand for,” he said. Hospitals need to be involved in the insurance process, he said, otherwise there will always be a fight with “hospitals saying give me more money and insurance saying you take too much money”.

Pointing to the healthcare landscape and its challenges in terms of violence against doctors, pricing concerns, and regulations he said, it stems from “completely mismatched expectations. Now, we have to maintain (the quality), we have to deliver (the results)...., while at the same time, the wallet is simply not there. In no country will you see such a large percentage of people paying (healthcare expenses) out of pocket.”

But as new models come up, India will become the first country to dissociate healthcare from affluence, pointed out Devi Shetty.

(The writer is PT Jyothi Datta.)

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Source

Health insurers get more time - The Telegraph – 3rd October 2019

The regulator has allowed health insurance companies to meet its new standardised guidelines by October next year, giving the players an extension by a year.

In a bid to ensure uniformity in the terms and conditions of a health policy, including what to exclude and include in the document, the Insurance Regulatory and Development Authority (Irda) has issued guidelines for the sector.

The guidelines provide a list of optional items that insurers can consider covering under the product along with a list of common items that need to be subsumed under various heads of hospitalisation bills such as room rent, procedure charges and cost of treatment.



The guidelines on exclusions include a list of diseases that are permanently excluded and also ensures that a proper declaration of pre-existing diseases is made on the proposal while buying the policy.

Irda had stipulated that all new products filed from October 1, 2019, would be on the new guidelines. All existing products would continue until September 2020.

However, insurers would have to withdraw all existing products, which do not confirm to these guidelines effective October 2020. The insurance companies will have to revise all existing products to conform to these guidelines before the stipulated time period.

“The guidelines are a welcome step. With this clarity, grey areas are avoided in terms of claim processing and coverage provided by the insurance company,” said Gurdeep Singh Batra, head – retail underwriting, Bajaj Allianz General Insurance.

“One of the most important part of this guideline is that no diseases/conditions contracted after the policy has been in force can be excluded. “These guidelines also disallow ambiguous or disputable exclusions,” according to Shreeraj Deshpande, chief operating officer, Future Generali India Insurance Company.

“We expect that these measures will improve the penetration of health insurance in the medium to long-term,” said Subramanyam Brahma Josyula, head — underwriting & reinsurance, SBI General Insurance Company Limited.

(The writer is Pinak Ghosh.)

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Source

Insurance companies can no longer exclude many illnesses – The Times of India – 1st October 2019



In a move that will benefit lakhs of policyholders, insurance companies have been barred from excluding illness associated with hazardous work activity, artificial life maintenance, and treatment of mental illness, age-related degeneration and internal congenital diseases.

The insurance regulator on Monday said that age-related ailments such as cataract surgery, knee-cap replacements, Alzheimer’s and Parkinson’s would also have to be covered. Also factory workers, working with harmful chemicals, which impact health over a long-term period, cannot be refused respiratory or skin ailments that arise as a result of workplace conditions.

The Insurance Regulatory and Development Authority (IRDAI) has also standardised exclusions—which means if an insurer does not want to cover epilepsy, chronic kidney diseases and HIV/AIDS—there are specific wordings to be used and a specific waiting period (30 days-1 year) after which coverage would begin.

Standardisation of health norms to help portability.

These guidelines will greatly benefit policyholders, who disclose pre-existing conditions, as IRDAI has said, "Every health insurance product shall cover all pre-existing diseases disclosed by the persons to be insured immediately after the expiry of the 48 months waiting period or such lower period as stipulated in the product."

Standardisation of health regulations will also help portability as the new insurer cannot set undue waiting periods. IRDAI has said, "If a person transfers from one insurer to the other — and has already completed in part some of the waiting period requirement — then the new insurer may impose only the unexpired/residual waiting period not exceeding 48 months from the date of first issuance of porting out policy."

"Standardizing of wordings of exclusions across all insurers will avoid any grey area and provide better understanding to customers. In line with medical treatments evolving and new methods coming up, insurers will be able to cover policyholders against them," said Gurdeep Singh Batra, head (retail underwriting), Bajaj Allianz General Insurance.

But TPAs and brokers warn that while the move is pro-policyholders, it remains to be seen how it will affect pricing. "This is definitely great news for millions of people who, till now, found it difficult to obtain a cover. However, a word of caution as it might lead to a drastic increase in the premiums if insurers faced rising claims," said Rahul Agarwal, founder, Ideal Insurance Brokers.

In November 2018, a report was submitted by a working committee to the IRDAI that insurance companies cannot exclude diseases like Alzheimer's, Parkinson's, HIV/AIDS and morbid obesity. This move by the IRDAI follows the recommendations of the working group.

(The writer is Rachel Chitra.)

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Source

111 fraudulent hospitals 'shamed' under Ayushman Bharat – Mint – 30th September 2019



Implementing the "name and shame" initiative for preventing fraud in Ayushman Bharat-Pradhan Mantri Jan ArogyaYojna (AB-PMJAY), the government has made public the names of 111 hospitals that were found involved in malpractices.

Union Health Minister Harsh Vardhan while addressing the –Arogya Manthan— a two day national workshop organised by National Health Authority (NHA) to mark the first year anniversary of AB-PMJAY said that there is a zero-tolerance approach in the ambitious scheme. NHA is the nodal

agency for implementation of PM-JAY.

"Ayushman Bharat is being governed on a zero-tolerance approach towards any kind of fraud, and the anti-fraud framework rests on three key pillars of prevention, detection and deterrence. We have de-empanelled 111 hospitals on charges of corruption and fraud. We are following the policy of Name and Shame, the de-empanelled hospitals' names have been put on the NHA website," Harsh Vardhan said.

"We will not tolerate anything that will hamper the integrity of the scheme. NHA is currently building PM-JAY 2.0, the new and upgraded IT ecosystem that will be comparable to the best, anywhere in the world," he said.

The government is also planning to reward hospitals that have done exemplary work through a 'Name and Fame' initiative. "Those hospitals that have done good work should also be rewarded. Recently, the

NHA has overhauled the existing health benefits packages and rationalized the cost of the packages to remove any aberrations, and to encourage wider private sector participation," said Harsh Vardhan.

Described as the world's largest government insurance scheme, AB-PMJAY, India's flagship healthcare scheme provides a cover of Rs. 5 Lakh per family per year to around 50 crore poor and vulnerable individuals.

Within a year of implementation of the scheme, 46.5 lakh hospital treatments were provided, amounting to claims worth ₹7,490 crores. Of that 53% of the treatments were provided in private hospitals, and 60% were for tertiary care. Prime Minister Narendra Modi launched AB-PMJAY on 23rd September in 2018 at Ranchi.

(The writer is Neetu Chandra Sharma.)

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Source

IRDAI-NHA panel bats for strong law to deter health insurance fraud - The Hindu - 28th September 2019



A sub-group on fraud control in health insurance, forming part of the joint working group of National Health Authority and the Insurance Regulatory and Development Authority of India (IRDAI) has advocated a strong law to act as a deterrent.

A strong legislation — National Health Insurance Anti-Fraud Act — is “required to effectively to deal with the whole gamut of activities for preventing, detecting and deterring fraud.” This would benefit the entire ecosystem, including private paid health insurance, the sub-group’s report said.

Anti-fraud task force

Suggesting that such a law should provide for setting up of a special anti-fraud task force to take punitive action, carry out recoveries, searches and seizures, the report said joint collective measures by all payers would have great impact on fraudulent practices of providers “which are the major players for fraud.”

While IRDAI is the regulator for the insurance sector, the National Health Authority (NHA) is the nodal agency for implementing the Pradhan Mantri Jan Arogya Yojana, or Ayushman Bharat as the healthcare scheme is known.

In the set of recommendations and measures for collaboration, the sub-group said the definition of fraud and abuse should be standardised.

Also, the contracts entered into by a payer — with policy holder, empanelled hospitals, intermediary, employee — should mandatorily incorporate a standard definition of fraud, clauses, and the resulting punitive action that those indulging in them could face.

The report also emphasised the need for creation of a common talent pool for effective investigation and a certification programme for ensuring minimum standards.

The impact of healthcare fraud is not only financial but also on the people’s health, and was an issue of “grave concern.

As the coverage/penetration of health insurance expands to more people, for more services, the element of fraud and abuse will also go up exponentially if handled inadequately,” the report said.

With the launch of Ayushman Bharat, the number of people covered under health insurance – private paid, organised through insurance companies under the aegis of IRDAI or government funded, organised by State governments, now stands at 65 crore, including 15 crore under private paid insurance and 50 crore under PMJAY.

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Source

Ayushman Bharat needs a shot of universalization - The Hindu Business Line - 28th September 2019



Six months ago, a young couple from Bihar could not get their infant with congenital heart disease treated in Mumbai despite having an Ayushman Bharat (AB) card. Their plight, when reported in the *Pulse* page of *Business Line*, saw the AB machinery kick in and support the baby's surgery. Tragically, the baby did not survive.

But as the Centre's flagship health insurance scheme rolls into its second year, hospital corridors still abound with incidents of patients slipping through the cracks of

multiple jurisdictions, just as was reported months ago. The Government needs to push for seamless health coverage of patients between States and across different schemes, say doctors, who didn't want to be identified.

Awareness on the scheme also needs to be scaled up, especially in the population it targets, they point out. Despite the high-profile mention of the scheme at the United Nations General Assembly (UNGA) by Prime Minister Modi, awareness on AB, its entitlements and how to be a beneficiary remains quite low.

When the Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (PMJAY) was rolled out last September (see box for details), there were concerns about its insurance model. Public health experts suggested that the scheme gravitate to a more universal model of health coverage. The scheme also saw concerns on funding, frauds even.

In its second year, access and financial protection need to be clearly addressed, says Indranil Mukhopadhyay, a health economist and Assistant Professor, OP Jindal University. Access involves the problems of portability as patients continue to fall outside the ambit of coverage despite having the AB card. And financially, patients still end up paying for some services, despite falling under the scheme.

Health experts say the scheme should widen its scope and make it universal, rather than just reimburse hospitalisation.

Mukhopadhyay also red-flags the referral system by the small wellness centres. While they play their role in primary-level screening, the worry is if they send patients only to private hospitals. There should be a system where patients are referred to a private hospital only if they were sent by a Government hospital that did not have the facility. The Government also needs to engage more with local bodies.

Union Health Minister Dr Harsh Vardhan, in his statement on PMJAY, said poor and migrant workers had been able to seek treatment outside their States. "So far, there have been more than 40,000 portability cases", the note said. "The game is still open," says Mukhopadhyay, as private hospitals push for higher rates for medical procedures.

Pandora's Box

There is some discontent on a "double payment" for Government hospitals that are funded by the central Budget and get a payment again as reimbursement, he points out.

In fact, pricing may well open Pandora's box, as private hospitals will then be asked why they cannot charge all patients at the AB rates — a reason why private hospitals are pushing for higher rates. Apollo Hospitals' Managing Director Suneeta Reddy lauds the programme but adds that it needs to have low-cost infrastructure, etc, available to support the scheme. Apollo is supporting the scheme in Tier 2 and 3 cities, she says, adding that the industry was in discussions with the Government on pricing.

There needs to be a comprehensive pricing regulation for hospitals that would cover services and quality, stresses Mukhopadhyay, with greater accountability on data, which should be available in an anonymised format for outside scrutiny.

PMJAY clocked a year this month as discussions were under way at the UNGA on Universal Health Coverage. In fact, on the eve of the high-level meeting, the World Health Organization said, "Countries must increase spending on primary healthcare by at least 1 per cent of their gross domestic product (GDP) if the world is to close glaring coverage gaps and meet health targets agreed in 2015."

A sobering thought for Governments as they grapple with different models to provide healthcare to citizens.

(The writer is PT Jyothi Datta.)

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Source

Want health cover of Rs 17 crore? Here's what you need to pay as premium - Financial Express - 27th September 2019



International Health Insurance: A new health insurance plan is promising to provide global health insurance up to Rs 17.87 crore (USD 2.5 million) to Indians. The health cover would be available worldwide and it is especially targetting the high net-worth individuals (HNIs) in India. The product has been launched jointly by Manipal Cigna Health Insurance Company Limited IIFL Wealth Finance Ltd. Manipal Cigna is a joint venture between U.S.-based global health service company Cigna Corporation (NYSE:CI), India's TTK Group and Manipal Group. IIFL Wealth Finance Ltd is a wholly-owned subsidiary of IIFL Wealth

Management Limited.

Product details

Manipal Cigna Global Health Group Policy is offering a wide range of sum insured up to USD 2.5 Million (Rs 17.87 Crores approx./exchange rate: 71.51) per individual. In a statement, the insurer said that the new product offers the following

- 'Cashless' access to healthcare facilities and hospitals across the world to IIFL Wealth customers
- 'Best possible' international emergency evacuation and medical repatriation services.
- Cover for outpatient care including consultations, prescribed drugs, diagnostics and wellness.
- Cover for AIDS/ HIV, dental & vision, travel vaccination, health appliances with multiple deductible options.

Annual premium

A representative of the insurance provider told FE Online that the average premium for the sum insured (SI) up to USD 2.5 million worldwide cover, including the US, is Rs 6 lakh (or Rs 50,000/month). For the same SI, excluding the US, the average premium would be Rs 5 lakh, he said, while adding that the average premium person may vary with age.

Commenting on the product, Prasun Sikdar, Managing Director and CEO, Manipal Cigna Health Insurance Company Limited said, "We are confident that our global health insurance solutions will meet the unique health needs of IIFL Wealth's high net worth customers – giving them access to the best medical care, anywhere around the world."

(The writer is Rajeev Kumar.)

Source

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Govt to configure costs of implants, high-end consumables under Ayushman Bharat – Mint – 27th September 2019



The government plans to configure the cost of implants and high-end consumables under its ambitious Ayushman Bharat or Pradhan Mantri Jan Arogya Yojana (PM-JAY).

The National Health Authority (NHA), nodal agency for implementation of PM-JAY, said it will configure the costs at the backend of its information technology system in preparation for the future. This will prove useful whenever there is a movement in the prices of these significant components of a package cost, the NHA said.

"Separate rates for implant/devices and procedures will ensure that we clearly define the quality of implant/devices and whenever the prices of these inputs go down, as they will with collective bargaining, the overall rates will also automatically come down," Indu Bhushan, CEO NHA, told *Mint*.

The NHA on also Thursday revised the Health Benefit Packages (HBP) of the scheme. There has been an increase in the rate of 270 packages, addition of 237 new packages, adoption of 43 stratified packages, with no changes in the rates of 469 packages.

NHA said without compromising the range of treatment covered under PM-JAY, 554 packages will be discontinued, and there rates of 57 packages will be reduced. Overall, a conscious attempt has been made to keep the price of abuse prone packages at the minimum to minimize incentives for abuse.

"We are confident that with the revision in the Health Benefit Packages of Ayushman Bharat PM-JAY, many new private hospitals will get empanelled with the scheme. This will help improve the access to good quality healthcare, and lakhs of vulnerable families will receive free treatment," said Harsh Vardhan, union minister of health and family welfare.

Currently, PM-JAY has 1,393 treatment packages of which 1,083 are surgical, 309 medical, and 1 unspecified package. NHA said since the launch of the scheme, there has constant feedback on various aspects of the scheme, including existing packages and their rates. The governing board of NHA took a serious note of the various feedback received and decided to undertake an exercise to remove aberrations and anomalies in the packages.

Following a scientific procedure, the NHA along with the Department of Health Research (DHR), Indian Council of Medical Research (ICMR) and Tata Memorial Hospital, consulted specialist committees which helped remove inconsistencies in the nomenclature and pricing of respective specialties.

The specialist committees examined the relevant sections of the health benefit packages and made suggestions, the review committee examined the suggestions made by the specialist committees and moderated them, and finally the recommendations of the review committee were put up to the governing board for approval.

"States/UTs which are using insurance model or a combination of Trust and insurance model shall have autonomy to either continue using existing package master till their current contract period ends or shift to the new version after making suitable amendments in their contract," said Bhushan.

The government has also revised oncology packages, claiming that it will revamp cancer care for beneficiaries and will be aligned to reflect the current best practices in the country.

"These revised rates are expected to further augment cancer care in the country, along with drastic reduction in the catastrophic expenses associated with it. Oncology packages have been split, to include multiple regimens of surgical and medical oncology, complemented by radiotherapy regimens," said Vardhan.

NHA said a conscious attempt has been made to standardize the nomenclature and definitions of the packages. NHA, in collaboration with World Health Organization (WHO), has initiated the process of aligning the health packages with International Classification of Health Interventions (ICHI) and International Classification of Diseases (ICD) coding of the WHO. When completed, India may become the first country to use ICHI in its HBP list.

The treatment packages cover treatment for nearly 24 specialities that include super-specialty care like oncology, neurosurgery and cardio-thoracic and vascular surgery, etc.

AB-PMJAY, India's flagship healthcare scheme provides a cover of Rs. 5 Lakh per family per year to around 50 crore poor and vulnerable individuals. Within a year of implementation of the scheme, 46.5 lakh hospital treatments were provided, amounting to claims worth ₹7,490 crores. Of that 53% of the treatments were provided in private hospitals, and 60% were for tertiary care.

(The writer is Neetu Chandra Sharma.)

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Source

CROP INSURANCE

Gujarat govt asks insurance firms to assess crop damage by floods - The Hindu Business Line - 2nd October 2019



At a time when farmers are staring at kharif crop losses caused by floods, the Gujarat government has asked crop insurance companies to assess the losses and clear farmers' claims.

State Agriculture Minister RC Faldu said the State Agriculture Department has commissioned a crop assessment in the excess-rainfall regions of the State, including

Saurashtra and Kutch.

"We have also asked the four crop insurance companies that are operational in the State to clear the claims of the farmers who have paid their premiums and sustained heavy losses in their kharif crops. These companies have been asked to conduct a survey and make the payments according to the extent of damages," said Faldu.

The four crop insurance companies operational in Gujarat are Bharti Axa General Insurance, Universal Sampo General Insurance Co, Agriculture Insurance Company of India and Reliance General Insurance Company.

Farmer leaders maintained that the Prime Minister Fasal Bima Yojana (PMFBY) has a provision for crop failure due to excess rainfall. “We have asked farmer leaders to come forward and make applications for all the farmers, whose crops were damaged in water-logging or flooding. To claim their insurance under PMFBY, farmers can set up a gram samiti (village committee) under a village leader, which will assess the extent of damages. This will help them in getting the insurance claim faster,” said an agriculture official.

The State has received excess rainfall to the tune of 140.16 per cent of the normal average. The districts of Kutch, Saurashtra and South Gujarat received 173 per cent, 147 per cent and 143 per cent, respectively, of the normal average. Rainfall in the Central and North region is also in excess at 127 per cent and 117 per cent, respectively.

Of the 204 reservoirs in the State, 119 are full with 100 per cent filling. The water level of the Sardar Sarovar Dam, on the Narmada river, is at 98.67 per cent of its capacity.

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Source

MOTOR INSURANCE

Auto stress to impact motor insurance - Telangana Today - 3rd October 2019



Automotive sector is witnessing severe stress with most of the companies reporting decline in their sales month after month and going for no-production days in their facilities to rationalise their production to meet the slowing demand. This situation, according to insurance experts, is going to hinder motor insurance segment this fiscal.

Explaining the scenario, Sajja Praveen Chowdary, Head of Motor Insurance at Policy Bazaar.com told *Telangana Today*, “Premium of insurance companies is going to be

affected in the current year. Premium for the new vehicles (in the first year of purchase) account for the bulk of the premium, as the amount in the following years keeps getting reduced over its lifecycle. Since new vehicle sales are coming down, there is going to be a significant impact on premium and their collection.”

Dealers and insurers are severely impacted by the dip in sales, so far. The impact on motor insurance has been happening since January this year.

“However, with the taxation measures and new norms being implemented by the government, things may start improving from the current or the following quarter,” notes Chowdary.

Online impact

From the Policy Bazaar perspective, which primarily deals with renewal of motor insurance online, Chowdary says, with push factors such as the Motor Vehicles Act 2019, the growth in the current fiscal will continue to be around 80 per cent over the previous. Online platforms ensure there is no lapse in insurance renewals and that’s why the business is unaffected here.

“Due to the Motor Vehicles Act 2019, Policy Bazaar’s two-wheeler insurance numbers in September would have gone up by 3-4 times compared to August. Insurance companies are also seeing two-fold growth during the period. From the car’s perspective, while the insurance companies will see 25 per cent growth during the comparative period (September vs August), our numbers will go up by 2x. However, the number of uninsured two-wheelers is very high in India at 70 per cent, with only 4.5 crore insured out of the total 15 crore vehicles on the roads. With the Motor Vehicles Act, this gap will start reducing.

From the estimated 37 lakh vehicles getting insured every month, we may see this number touching one crore from September onwards,” he informed.

This fiscal, about 2.3 crore private cars are expected to be insured in the country, out of which about 24-25 lakh insurance policies will be online (11-12 per cent). Out of these online policies, 17-18 lakh could be done through Policy Bazaar and the rest by the brokers, other online platforms and company websites. Policy Bazaar today accounts for about seven per cent of the total private car insurance market in India and 60-70 per cent of the online private car insurance market.

Claim rate in car insurance in general had been around 15-18 per cent. Roughly 34 lakh claims happen across India, every year.

In the two-wheeler space, roughly about 5.2 crore vehicles will be insured this fiscal, out of which Policy Bazaar expects to do about 50 lakh vehicle insurance policies, accounting for roughly 9.5-10 per cent of the country’s market.

Chowdary informed, “Policy Bazaar today accounts for roughly 10 per cent of the overall insured market in the country. Delhi NCR is the largest market for us, followed by Bengaluru and Mumbai-Thane region. Pune is a large market for two-wheelers. Chennai, Hyderabad and Kolkata are the other top markets for motor insurance. Hyderabad accounts for over two per cent of the national motor insurance market.”

Commercial vehicles space is slowly picking up in India. Policy Bazaar is making about 1,000 taxi policies a month, which was almost zero a year ago. Also, electric vehicles space is in a nascent stage as charging infrastructure is still under creation, and is yet to evolve as a key segment from the motor insurance perspective, he observes.

Stringent norms

Chowdary says that it is essential that the law enforcement should happen in semi-urban and rural areas as well, rather than concentrating on urban regions. Severe penalties should be imposed on all critical violations of drivers, which impact public life.

The Insurance Regulatory and Development Authority of India (IRDAI) is planning to link vehicle insurance premium to traffic violations, which should see some impact next year. Pilot runs are expected to begin shortly.

(The writer is Y V Phani Raj.)

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Source

Third party motor insurance market likely to grow by Rs 100 billion – Financial Express – 1st October 2019



Stringent traffic penalties and multi-year third-party (TP) policies on new vehicles will help capture the untapped TP business in India. While the Street is bullish about the growth and profitability prospects from increase in TP penetration, our calculation suggests that the headroom for premium growth may be limited to 26% of FY2019 motor TP premiums or 5-6% of overall industry premiums. Profitability may be higher due to higher inherent profitability in two-wheeler and car segments.

Street bullish on improvement in motor TP penetration

The Street has been bullish over the past few months on the general insurance industry’s growth prospects due to increase in TP motor penetration. Industry bodies have often argued that TP premium, although a regulatory compulsion has low penetration in India. Vehicle owners often do not renew their

policies beyond the first year/policy which is attached to the purchase of the vehicle. According to industry players, insurance compliance with commercial vehicle operators is high but lower with cars in the interiors and the lowest in two-wheelers. Industry and market players have lately been bullish on increase in motor TP penetration owing to two factors. First, the Supreme Court has made it mandatory for vehicle buyers to purchase three- and five-year TP policies on purchase of new cars and two-wheelers, respectively. This will reduce the risk of slippages in second to fifth year; insurers have the option of attaching single or multi-year own damage (OD) policies along with such TP policies. Secondly, the new Motor Vehicle Act, 2019 (which increased traffic penalties on uninsured vehicles) is driving penetration in motor TP as well. The Act increased penalties for driving uninsured vehicles by 2-4 times (to `2,000 for the first offence and `4,000 for the second offence).

Penetration levels are not so low

Based on our market sizing of the motor TP insurance space, the potential headroom for growth through increased compliance levels is about `100 billion (6% of the total general insurance premiums in India). Our analysis is based on domestic new vehicle sales volumes reported by SIAM. We have calculated the on-road vehicle population assuming a 12-year life for 2-wheelers and cars, 15-year life for LCVs and a 20-year life for M&HCVs. We considered TP premium rates prescribed by Insurance Regulatory and Development Authority of India (Irdai) for FY2018 and FY2019 to arrive at the potential size of TP market in India at `416 billion and `479 billion in FY2018 and FY2019, respectively, at 100% compliance. The Irdai reported total motor TP premium of `380 billion in FY2019, implying 79% penetration in the above-calculated potential demand. This calculation thus pegs the untapped market at `100 billion, indicating that the headroom for growth based on higher penetration levels is 25% of motor TP premium.

Relatively lower penetration levels for cars and two-wheelers

Market participants suggest that overall compliance is high for CV and lower for cars and two-wheelers. Assuming 90% compliance for all CVs, the residual premium for other segments like car and two-wheelers would be lower; the calculated compliance in case of cars and two wheelers is 67% thus providing 49% headroom for growth. Large players such as ICICI Lombard have 82% share of cars and two-wheelers in their motor business; the ratio is 60% for Bajaj Allianz. Hence, these players may be beneficiaries of higher penetration in cars and two-wheelers. More importantly, profitability may be higher in these segments as well.

[TOP](#)

Source

Has your motor insurance cover lapsed? Here's all you need to know about renewing it - The Economic Times - 30th September 2019



The spectre of heavy penalties under the amended Motor Vehicles Act has resulted in a windfall of sorts for insurance companies—a surge in demand for motor covers.

Several insurers have reported a rise in enquiries and sales. “We have seen a growth of over 30% in sales across channels—agency as well as online channels— this month,” says Rajeev Chawdhary, Executive VP, and IFFCOTokio General Insurance. “Enquiries through the online channel have nearly doubled in the past month,” adds Roopam Asthana, CEO and Whole time Director, Liberty General Insurance.

This is not surprising given the steep penalty that awaits those driving a vehicle without the mandatory third-party liability cover. Such individuals will have to cough up Rs 2,000 the first time they are caught. Repeat offenders will have to pay Rs 4,000. “In case of many two-wheelers, the premium is lower than the penalties,” notes Anik Jain, Co-founder and CEO, Symbo Insurance, an online intermediary.

Last year, the Supreme Court issued an order making long-term third-party liability covers mandatory. It was found that over one-third of registered vehicles on the road were not insured. A large part of the blame lay with two-wheeler owners who fail to renew their policies after the first year.

Subsequently, the Insurance Regulatory and Development Authority of India (Irdai) directed insurers to offer long-term third-party liability covers for new vehicles last year. With the amended Motor Vehicles Act coming into force now, such vehicle-owners have nowhere to hide.

Third-party cover is mandatory, but many don't have one

MUMBAI: 24%

DELHI: 28%

BENGALURU: 25%

OVERALL: 26%

Percentage of respondents who said their policies have lapsed.

If you wish to simply renew the third-party liability component, you will not have to go through any elaborate process. "In such cases, there is no inspection and the policy is issued immediately," says Chawdhary. Renewing a lapsed, or break-in, own damage element of a comprehensive cover is slightly more elaborate. However, it has become far simpler now, thanks to the use of technology by insurers and online aggregators.

Until a few years ago, it was a time-consuming affair as the vehicle had to be physically inspected by insurers' surveyors prior to policy issuance. "There are three models insurers currently follow. One, where the process is completed without any self-inspection as insurers tend to waive this requirement in case of policies where the break has not exceeded 90 days," says Jain of Symbo Insurance.

Renewing your policy within 90 days of the lapsation has another advantage: you will be entitled to the accumulated no claim bonus. Any delay beyond this period will, however, mean losing out on the NCB, resulting in higher premium outgo. The longer the break, the higher the price to pay. Some insurers do not extend useful add-ons like zero depreciation cover or engine protect cover to vehicles that have been uninsured for a longer period.

Then, there is the self-inspection model, where insurance-seekers upload pictures of their vehicles for inspection through insurers' official apps or links. "The link is sent to the insurance-seeker's mobile

phone. They simply have to record and upload the video," says Asthana. This will serve as proof in future.

"A recorded video reduces the chances of disputes (on own damage claims) at the time of claim settlement," adds Sajja Praveen Chowdary, Business Head, Motor Insurance, Policybazaar.com.

Penalties are effective deterrents

City	Caught by traffic police for not having valid insurance (%)	Bought insurance after being penalised* (%)
Mumbai	33	64
Delhi	43	87
Bengaluru	40	68
Overall	39	75

**Out of respondents who admitted to facing a rap from traffic authorities. Source: COCO by DHFL survey 2019 where over 1,000 vehicle-owners were polled*

The purpose is to minimize the scope for disputes on pre-existing damages at the time of claim settlement. "Disputes cannot arise in case of third party claims as it's the motor tribunal that takes the call," adds Chowdary. The policy is issued once the inspection is completed and the premium paid.

Stiff penalties, strict compliance

Penalty under the Motor Vehicles (Amendment) Act for using an uninsured vehicle: Rs 2,000

Penalty for repeat offenders: Rs 4,000

Read the fine print

Usually, minor damages to your vehicles are ignored by insurers while evaluating your own damage proposal. However, the final decision will rest with the insurer who will take a call based on their underwriting policy. "If your vehicle has more than four minor dents, your policy proposal could be rejected.

Likewise, a single major dent or a single crack on windshield too, could reduce the chances of issuance drastically," points out Chowdary. Once the policy is issued, however, the exclusions and other conditions are largely similar to those of a regular policy. "Only pre-existing damages, as recorded at the time of inspection and policy issuance, are not covered," says Jain. Therefore, maintain a record of the pictures or video shared with the insurer or aggregator during the policy purchase process.

This apart, keeps an eye on the date when the policy comes into force. In some cases, it could be deferred. "A third party cover-only policy in case of break-in will be effective on a T+1 or a T+3 basis (one or three days post the execution of the transaction). This is to eliminate any scope of misuse by some who may decide to buy the policy after an accident," explains Chowdary.

Finally, ensure that you do not repeat the mistake of letting a motor policy lapse to avoid the hassles. Not only will you have to shell out heavily penalties, but also compensation in case your car is involved in an accident where another individual (the third-party) suffers injuries or damages.

Also, go through your policy document carefully to understand the tenure of your own damage component. "Many policyholders who opted for a three-year third party liability and one year own damage cover last year are under the impression that the latter, too, is long-term in nature, which may not be the case," says Asthana.

(The writer is Preeti Kulkarni.)

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Source

Motor insurance claims made easy - The Hindu Business Line - 30th September 2019



Given the growing prevalence of mobile applications for every service you can think of, insurance companies have also jumped on the bandwagon to interact with their policyholders. Starting with purchase of policy and premium payment to claim settlement, insurers are using mobile apps for faster completion of transactions, particularly in motor insurance. But claim settlement is where the apps especially come in handy.

Speedy settlement

Any motor insurance claim consists of three elements — claim intimation, surveyor assessment and claim settlement — based on the policy coverage.

When your vehicle meets with an accident, you have to intimate your insurer at the earliest. In most cases, you can now inform the insurer through a mobile application. You can not only initiate the claim process through the app but also check your claims history and status.

You can also look for nearby garages to take your vehicle for cashless service.

To reduce the time taken to settle claims, insurers have a do-it-yourself platform where policyholders can document the damage and file for claims through mobile apps.

Bajaj Allianz's Wallet app and ICICI Lombard General Insurance's Insure app, for instance, allow policyholders to take a picture of the damage to the vehicle and upload it on the app.

As policy details are already recorded in the app, you don't have to search for the policy number, document, vehicle number, vehicle make/model. You only have to upload documents such as registration certificate, driving licence, tax receipt (if any), repair bills, payment receipts and a brief description of how the damage occurred.

An officer will assess the damage of the vehicle based on the picture uploaded and send the claim amount accordingly. The 'Instaspect' feature in the ICICI Lombard's app, for instance, allows policyholders to show the damage to the vehicle to a claims manager through a video call, allowing him/her to offer real-time approval for the claim amount based on the policy terms and conditions.

According to Amitabh Jai, Head - Motor and Health Underwriting and Claims, ICICI Lombard General Insurance, even the claim form which requires the signature of the claimant is digitized. It is authenticated through an OTP (one-time password). Through these digital platforms, the entire claims process usually gets settled within 24 hours.

Points to note

More often, the standard procedure for all motor claims is now through digital platforms. But if the amount involved is high, you may not have a quick settlement.

Sanjay Saxena, Head, Retail Claims, Bajaj Allianz General Insurance, says: "Usually, minor claims of up to Rs. 30,000 are admissible with minimum documents uploaded on the mobile app along with the photo of the damaged part of the vehicle. With that, the claim is settled in 20 minutes." However, claims over a certain limit have to be physically verified by a surveyor to determine the extent of losses, post which the amount will either be transferred to your account or to the workshop directly for cashless settlement. This may take some time.

Similarly, if you have opted for cashless settlement, despite the claim settlement being made within a day, the repair works could take a day or two, causing delay in using the vehicle.

(The writer is Bavadharini KS.)

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Source

Motor insurance: What is third party liability? – The Hindu – 29th September 2019



Motor insurance has been in the news all month and it's time for anyone who owns a vehicle to know all about it.

Under the provisions of The Motor Vehicles Act, 1988, any motorised vehicle operated on public roads should be insured against third party liability.

What is third party liability? The vehicle owner is the first party, the insurance company they buy the policy from is the second party, and anybody who faces a loss due to the actions of the former while operating the vehicle is the third party.

When a vehicle causes death, bodily injury or property damage or loss to someone, they can seek legal compensation and it is

the liability of the former who has to pay it.

Under the law, this liability is unlimited in the case of death or injury, and hence, it is mandatory you purchase a Motor Third Party Liability Policy (TP Policy).

This legislation was created in the 1930s with a view that victims of motor accidents should not go without compensation owing to the financial capacity of the first party.

All general insurance companies offer motor policies for all classes of vehicles. Let us see the policy for private cars to understand the scope of the cover.

The Private Car policy has two parts. The first is the Motor Third Party Liability Policy (also called Act Only policy), which covers you for what is discussed above and includes personal accident cover for the owner/ driver.

Comprehensive Policy

The second is called Comprehensive Policy and is a package of the TP cover and insurance for Own Damage that is damage to your vehicle. The latter also covers theft of your vehicle and other risks. The TP liability policy covers you for an unlimited amount in respect of death or injury. In the case of damage to third party property the cover is up to ₹7.5 lakh. (for a scooter or motorcycle, it is ₹1 lakh.)

The TP liability premium is fixed by the Insurance Regulatory and Development Authority of India (IRDAI). In the case of a private car, if your car does not exceed 1,000 cc, your standard TP liability premium will be ₹2,072, ₹3,221 for cars above 1,000 cc but not exceeding 1,500 cc and ₹7,890 for cars above 1,500 cc. GST will apply.

Carry your documents

The amended Motor Vehicles Act, 1988 that came into force from September 1, 2019 has specified much higher fines for violations.

Apart from wearing your seat belt or helmet and following traffic rules, what you have to do is carry your driving licence, registration certificate (RC) of the vehicle, vehicle insurance policy and pollution under control (PUC) certificate.

All these can be carried in digital form in the Dig locker app. Once you create an account and link your Aadhaar number, you can pull in your driving licence, RC and insurance policy (but not the PUC yet). However, if you can't pull in the insurance policy, check back with your insurer as there may be a discrepancy between your name as spelt in your Aadhaar and in the insurance policy. They will help you with it.

If you are driving a car not registered in your name, opt for the M Parivahan app where you can search and save the RC of the vehicle you are driving. You will need the registration number and chassis number of the vehicle to do this. M Parivahan does not help you with the insurance policy, though.

(The writer is K Nitya Kalyani.)

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Source

SURVEY & REPORT

Alarming rise in insurance claims for heart ailments by Indian youth - The Week - 28th September 2019



On the eve of the world heart day that falls on September 29, a recent study has found that there has been a 72 per cent rise in the number of medical insurance claims due to heart-related ailments from 2016 to 2019, with an average claim size of Rs 1 lakh to Rs 1.2 lakh.

Strangely, there has been an 86 per cent rise in the number of females claiming insurance because of heart-related ailments in the three-year period, while the same figure for men was 66 per cent. The study was conducted by Bajaj General

Insurance from their internal claims data.

The age between 50 to 60 years proved the average claiming age with the highest number of heart ailments. However, what is more striking is that there has been a 57 per cent increase of claims pertaining to heart ailments in the age group of 20-30 years and 55 per cent increase in the 30-40 years bracket. This shows that more and more youngsters are claiming health insurance for heart-related ailments.

Heart ailments that resulted in the highest number of claims along with claims size include cardiomyopathy, carditis, congenital heart disease, hypertensive heart disease, ischemic heart disease, rheumatic heart disease and valvular heart disease.

“Heart ailments are one of the major causes of claims in health insurance. In fact, if we analyse month-on-month data, increase in heart diseases claim count is around 14 claims per month. The average claim size that we receive is around Rs 1,10,000—but we have seen several cases where the hospitalisation expenses running into lakhs of rupees.

We have also seen that the number of females affected by the disease is on an all-time high, and hence, we also wish to see them getting adequately covered under the gambit of a health insurance policy. One can ideally go for a minimum of Rs 5 lakh coverage, and can top it up with a Rs 10 lakh super top up policy as this will give people an adequate coverage and would be an apt financial shield against any heart-related health exigency,” said Bhaskar Nerurkar, Head—Health Claims, Bajaj Allianz General Insurance.

The company observed from its internal claims data that the average age of its policyholders falls in the bracket of 31-45 years and the sum insured ranges between Rs 5 lakh and Rs 10 lakh. “While the sum insured opted by policyholders is in line with the medical inflation, it will be a healthier trend if people falling under the bracket of 22-27 years get reflected in the average policyholder age band.

This is very important given the rising trend of heart related ailments in the younger slabs because of the sedentary lifestyle prevalent in the community today,” added Nerurkar.

Medical expert Dr Sanjay Bhat felt that of late, there has been a consistent increase in the number of heart patients, especially the younger lot. “Earlier heart disease was considered to be an old man’s disease, but today this is no longer the case. Every year younger and younger patients are being detected with heart disease.

Young men as well as women, as young as 20, are developing myocardial infarctions and heart palpitations. Cardiovascular diseases are increasing in incidence due to lifestyle, pollution, processed food and smoking, which is increasing among the urban youth.” remarked Dr Bhat, Consultant—Interventional Cardiology, Aster CMI Hospital in Bengaluru.

Citing the study, another medical expert Dr Rajpal Singh observed that the trend in India is alarming. “Due to a wider prevalence of diabetes, smoking, stress and changing lifestyles, we are seeing a lot of heart ailments in the younger age group of 30-40 years (close to 30 per cent are below the age of 40). A vast majority of these patients can avoid reaching advanced stages of heart diseases like needing angioplasty or by-pass surgeries by following preventive health care advice.

They can have a healthy diet, 40 minutes of brisk walk or exercise at least 5 times a week, no smoking, a regular sound sleep pattern of 6-7 hours a day, keeping oneself well-hydrated, avoiding high salt and junk food intake and alcohol in moderation,” said Singh, Senior Interventional Cardiologist, Fortis Hospitals, Bannerghatta road, Bengaluru.

(The writer is Abhinav Singh.)

TOP


Source

INSURANCE CASES

Irdai slaps Rs 15 lakh fine on Shriram Transport Finance - Business Standard – 2nd October 2019

Insurance sector regulator Irdai has slapped a fine of Rs 15 lakh on Shriram Transport Finance Company for selling insurance policies in violation of norms. The Insurance Regulatory and Development Authority of India (Irdai) said Shriram Transport Finance as a corporate agent (CA) engaged persons other than specified persons (SPs) to procure business.

The matter pertains to selling of 983 policies by a specified person (SP) of the company between April 14, 2015 to March 28, 2017, even as the said person was relieved from employment on April 13, 2015.

In many cases, the proposal forms did not contain the details of intermediary/SP and signature of SP, Irdai said in an order, adding the firm has violated various clauses of Schedule-III under Regulation 26 of IRDAI (Registration of Corporate Agents) Regulations, 2015.

Moreover, among the 907 cases of endorsement (as declared by the CA), 277 policies were cancelled instead of being endorsed, it added.

"Cancellation of about 30 per cent of the policies claimed to have been solicited by the said SP before his relieving date, leads to the inevitable conclusion of mis-selling and use of unauthorized/untrained persons by the CA to procure business," Irdai said. As directed under the respective charge, the penalty of Rs 15, 00,000 shall be remitted by the CA within a period of 15 days from the date of receipt of this order, Irdai added.

[TOP](#)


Source

Delhi based insurance firm busted for crores of fraud, several people duped – India TV – 30th September 2019



Several people in Delhi were duped of nearly one crore on the pretext of lucrative insurance plan at pan India level, police said, adding three men were arrested in connection with the case after a fake call centre was busted. According to the cops, the fraud was initiated by opening bank accounts on forged identity at various cities including Lucknow, HarDOI, Noida in Uttar Pradesh and Delhi.

Those accused were identified as Abhey Kishore (32), Alok Kumar (26) and Hardeep Singh (20) and data of

25,000 customers and other documents were seized.

Efforts were on to nab two other accused Sudesh Kumar and Himanshu.

Kishore earlier worked with ICICI Lombard, Bajaj Allianz but in 2014 he started Motor and health Insurance Company at Janak Puri where he sustained a loss and to cover the loss he has started a fake call centre, the police said.

According to police, in July this year, a senior citizen reported at Safdarjung Enclave police station that, three persons namely Durgesh, Ria and Pushpender who impersonated as employees of Bajaj Capital company assured him that if he buy a policy from ICICI Prudential by making payment of Rs 27,500, they will settle his previous insurance claim of Rs 1.35 lakhs by giving bonus.

On their request, the complainant made payment of Rs 27,500 in two instalments in a Bank Of Baroda account but after paying the amount, the accused stopped picking up his calls. During the investigation it came into notice that accused opened 15 fake accounts at different banks.

Further a tip-off was received that, the accused were residing in Vishal Garden area, subsequently, trap was laid and Kishore was arrested, Deputy Commissioner of Police (southwest) Devender Arya said. During the enquiry it was revealed that the call centre was set up by Kishore and his wife Priti and in total eight persons were involved in this syndicate.

Later, Alok and Hardeep were also arrested. Preeti and another lady employee Suman were also interrogated, the officer said. Further it was revealed that they used to dupe the victims in the name of lucrative insurance benefits/bonus. For this purpose accused persons has started a fake call centre.

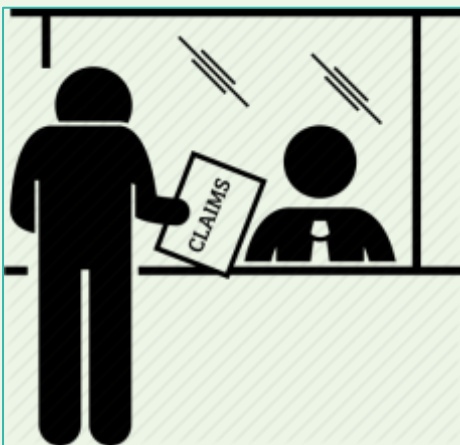
They established a crime syndicate operating at national level and had succeeded in duping victims of about one crore rupees. Sudesh used to operate these fake accounts and their associate Himanshu used to provide data to employee of fake call centre.

Once payment made by the victims in their given account Sudesh used to pay 70% to Kishore while he retained 30% of the amount, police said. Further, a target of Rs one lakh was assigned to each telecaller and if the target is achieved then extra commission of 3% was given to him, the DCP said. They had even earlier started a fake call centre at Dehradun and were arrested by the Dehradun police, the official said.

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Source

Chandigarh: Insurance company told to pay Rs 30,000 for denying genuine claim - The Times of India - 28th September 2019



The district consumer disputes redressal forum directed the Future Generali India Insurance Company Limited in Sector 17 to pay Rs 30,000 as compensation for rejecting the genuine medical claim of a senior citizen.

They were also directed to pay the claim amounting to Rs 11.85 lakh at an interest rate of 9% per annum since the date of repudiation.

The complainant had gone to Australia when he fell sick and had to undergo treatment.

Harbans Singh Palla, a 72-year-old resident of Sector 51, stated in his complaint that he had availed the medical insurance policy 'Future Travel Suraksha – Senior Citizen Insurance Policy' for the

period from May 9, 2016, to September 29, 2016, for the coverage of his visit abroad. During the coverage period, the complainant visited Sydney in Australia and there he was diagnosed with acute cholangitis (no predisposing factors) and on investigation, it was found that he had a 10mm stone. As a result, he had to undergo sphincterotomy and biliary stent was inserted. He was again admitted in a hospital in Australia on August 5, 2016, for the removal of biliary stent.

He then applied for the medical claim but his request was rejected.

The insurance company stated in its reply that that the complainant concealed material facts about his previous disease/ailments and thus, he was guilty of suppression of facts which justified the repudiation of claim.

The forum, however, stated that the stand taken by the company is not convincing enough to justify the repudiation of the claim, since they failed to specify, by producing any particular document(s) whereby the complainant was asked to disclose about his previous ailments/disease and the answers given.

Forum noted: “The copy of the two-page proposal form has been printed in such a miniature form with distorted print that it is quite hard to even read out the details given in the said proposal form including the so-called disclosures claimed to have been relied upon by the company which were further claimed to have been wrongly filled and signed by the complainant while availing the policy in question.”

The forum also noted that the complainant was issued the policy after having been made to undergo thorough medical examination “which divulges that the insurance company was having all the information and record regarding the health status of the complainant and only thereafter he was issued the policy in question”

Stating that since the policy in question was issued by the insurance company in favour of the complainant only when it had satisfied itself regarding the health status of the proposer, the forum held: “Insurance Company cannot be allowed to wriggle out of the liability to reimburse to the insured the medical expenses incurred during insurance period.”

(The writer is Kamini Mehta.)

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IRDAI CIRCULARS

Brokers updated list as on 30th September, 2019

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GLOBAL NEWS

Thailand: Life business falls in 1H for first time in a decade – Asia Insurance Review



Life insurance premiums in Thailand shrank in the first half of this year, the first decline in 10 years. Although the picture in the second half of the year has improved, there is still limited recovery from the various challenges, according to an analysis by Kasikorn Thai Research Centre.

The centre notes that for the first six months of this year, life insurance business contracted by 6%. Data from the Thai Life Assurance Association show that total life premiums (new business and renewal business) fell to THB295.6bn

(\$9.7bn) in 1H2019 compared to THB314.5bn in 1H2018.

It said that the 2H recovery might not be enough to pull the business back to positive territory for the full year this year. Kasikorn Thai Research Centre expects the growth rate of life insurance premiums this year as a whole to be flat at 0 or to decrease by up to 3%.

The decline is attributed to new accounting standards, changing technology and fierce competition from new players. These mean that the insurance sector has to manage its costs with care.

As basic economic factors gradually improve and consumers are aware of the need to protect their lives, coupled with insurance companies designing products that can respond to the needs of various customers, the life insurance business is expected to grow in the medium to long term, even though premiums might not increase at double-digit rates as in the past.

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Taiwan: Health Ministry studies merits of insurance in funding long term care - Asia Insurance Review



The Ministry of Health and Welfare will assess a proposal to implement an insurance scheme to finance the Long-term Care Services Development Fund, Minister of Health and Welfare Mr Chen Shih-chung has said.

The Ministry of Finance asked the health ministry to assess the feasibility of a long-term care insurance programme, reported *Taipei Times*.

Kaohsiung Mayor Han Kuo-yu's policy advisers have said that the Long-term Care Services Programme,

implemented by President Tsai Ing-wen's administration, has an unstable budget source, as it is mainly financed by tobacco and inheritance taxes, and would not meet growing needs for long-term care.

Under the Financial Discipline Act passed by the legislature in April, the health ministry may no longer request an increase in the fixed amount or percentage of tax incomes allocated to the fund. Thus, the finance ministry asked the health ministry to evaluate alternative sources of financing, including launching an insurance scheme.

Source

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Indonesia: Govt may reconsider plan to hike premiums for national health scheme - Asia Insurance Review



The Indonesian government is reconsidering an earlier proposal to increase premiums for the state health insurance scheme by as much as 65%, according to a Reuters report citing Indonesia's president Joko Widodo after he met with trade union leaders opposing the measure.

Cash-strapped state health insurer BPJS Kesehatan (Social Insurance Administration Organisation for Health), which provides universal health coverage for over 200m Indonesians often books claims that far exceed the premiums

it collects. In fact, the insurer has been operating with a deficit since operations started in 2014.

In September 2019, finance minister Sri MulyaniIndrawati announced the increase in premiums to cover some of the insurer's cash deficit which is expected to reach IDR32tn (\$2.26bn) this year. The premium hike was slated to be implemented soon through a presidential decree due to be issued. However, it has faced significant criticism with a parliamentary commission overseeing government finances already rejecting the planned increase for the poor.

Lawmakers also ordered the government to seek other ways to control the insurer's mounting cash problems in a hearing with the finance and health ministries as well as BPJS executives. Despite that, health minister Nila Moeloek had said that the government would move ahead with the increase in premiums as it does not require parliamentary approval.

A delay or a cancellation of the increase could compel the government to inject more capital into the insurer – a move that officials have tried to avoid as it would not be sustainable. Last year, the government had to inject IDR10.1tn to help BPJS manage its cash flow while ordering an audit to its system. BPJS also had to delay payments to hospitals leading to the latter refusing to treat BPJS-covered patients who are mostly the poor.

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Myanmar: Govt aims to exempt insurance sector from competition law -Asia Insurance Review



The Myanmar government is seeking through legislation to exclude the insurance sector from the competition law, in a move seen as protecting the state-owned insurer Myanma Insurance.

The protection will be provided through the Insurance Business Law, a draft of which was seen by *The Myanmar Times*. This proposed law reads, “The Competition Law shall not apply to insurance products and rates approved by IBRB [Insurance Business Regulatory Board].”

Myanma Insurance will also be exempt from provisions regulating licensing, corporate governance, liquidation, among others, according to the draft law. The Financial Regulatory Department (FRD) authored the draft legislation which is currently undergoing public consultation and will replace the 1996 law.

Currently, Myanma Insurance provides about 50 different types of products in a market where private entities are only allowed to issue a few types of insurance cover. Reinsurance business can only be conducted by Myanma Insurance through contracting with foreign reinsurers, and not with any private service providers.

A source said that the proposed exemption suggests that the government does not understand the importance of fair competition for consumers and investors.

Meanwhile, the composition of the Competition Commission - chaired by the Commerce Minister and other officials - has already raised questions about how effective it will be. The Commission was formally launched in June, more than three years after Parliament passed the Competition Law in 2015.

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