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QUOTE OF THE WEEK

“Choosing to be positive and having a grateful attitude is going to determine how you're going to live your life.”

- Joel Osteen

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INSURANCE TERM FOR THE WEEK

Joint life insurance

Joint life insurance is a life insurance policy that covers an individual and his/her spouse under a single contract. Joint life insurance could be term plans or endowment plans. The premium amount is usually lower in joint life plans compared to the individual taking two separate plans, though benefits remain the same under both cases.

On death of one of the policyholders, the insurance company will settle the claim to the surviving partner. However, whether the surviving partner continues to be covered under the same policy or not will depend on the insurer. Some companies waive or reduce the premium following the death of one of the spouses, but keep the policy active. Other companies terminate the policy and suggest the surviving partner to take a new one.

For instance, consider Bajaj Allianz's iSecure, a term insurance. In the case of joint life policy, on death of any of the life assured, the policy will automatically continue for the surviving life assured with reduced premium. The reduced premium will be based on the age, policy term, premium payment frequency and sum assured of the surviving life assured. Similarly, a policy can continue in the name of one of the partners or terminate (varies with each insurer) if the partners separate or get divorced.

Note that joint life insurance policy will terminate immediately on death of both policyholders.

Source

INSURANCE INDUSTRY

Law Ministry contemplates an insurance cover for lawyer - India Legal - 28th February 2019



The Bar Council of India along with state-level bar councils held a demonstration in the capital seeking budgetary allocation for welfare of advocates — insurance scheme, chamber facilities, and accommodation.

According to a source, the Law Ministry in a note has initiated discussions on a proposal of setting up of a committee to examine the issues relating to framing of a comprehensive insurance scheme for lawyers. “The committee comprises – Dr Alok Srivastava, Secretary, Department of Legal Affairs; Secretary, Department of Financial Services, and Joint Secretary, Legal Affairs. And,

the government would also want Bar Council of India and state-level Bar Councils be on board regarding the discussion on framing of the insurance policy,” said the source. The Law Ministry is contemplating to get in touch with lawyers’ association to develop a consensus on the insurance scheme.

Earlier this month, Law Minister, Ravi Shankar Prasad, gave an assurance in Rajya Sabha during Zero Hour that government has an open mind on considering the demand of lawyers. Rajya Sabha Chairman M Venkaiah Nadu rebutted that along with an open mind the demands should be considered with a positive mind. Law Minister assured that demands would be looked at positively.

Speaking to *India Legal*, Manan Mishra, Chairman Bar Council of India (BCI) said, “We haven’t been contacted yet regarding a committee to discuss insurance cover for lawyers. After the lawyers’ protest,

BCI delegation met the Law Minister. He floated the idea of setting up of a committee to look into our demands. We refused it. These committees are just farce. We want government to allocate a budget and involve Bar Council of India and state-level Bar Councils in the management of the funds for the welfare of lawyers. We want long-term sustainable solution.”

The BCI Chairman said that insurance cover is just a part of the larger issue. “Judicial infrastructure should be prioritized for lawyers. Government has already sanctioned infrastructure for judicial officers; a similar arrangement should be made for lawyers too. The government wants to develop e-courts, but where is e-library for lawyers. The question on allocation of chambers facilities is still lingering,” added BCI Chairman.

During a meeting with the lawyers association on February 12, the Law Minister had assured to set up a committee to look into the overall welfare issues, but did not agree on allocating a corpus to meet lawyers’ demands.

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5 reasons why you should change your attitude towards insurance - Financial Express - 27th February 2019



Hi, we the insurance industry are your new best friends. Though we have been around for the past 400 years, and have been protecting you and everything you hold dear, we seldom were the swanky, visible lot. We protected your cargo, we protected your factories, your industries, your health, your roads, we even protected the satellites our country put into the outer space, always a part of all things crucial and yet somehow, always silent.

But, with changing times, we have caringly established ourselves as your best allies and here’s why:

1. You can invest in that Foreign Trip instead of saving up for the rainy day

Often, parents urge their kids who are newly recruited professionals to not splurge away their money, rather save up for the rainy days. While this is a wise suggestion from their part, putting a major chunk of your salaries away just to pay up hospital bills, is an emotionally taxing exercise. Insurance comes to your rescue here. With the right insurance policy, not only can you have access to the best healthcare, but even daily expenses while you are hospitalized gets covered under your health insurance. By investing a few thousand rupees, which would only amount to the money you spent on the party last weekend, can save you big time from paying the otherwise exorbitant hospital bill that can arise from something as inconsequential as a mosquito bite.

2. From your phones to your loans, we’ve got you covered

You lost your phone? Ran your car into a pole? Lost your passport on your Singapore trip? Fractured your bone while playing cricket? An electrical malfunction caused a fire in your house? Sprained your ankle while doing an adventure sport for the first time? Getting stalked by someone on social media? Have a startup and want cyber protection for your offerings? Are unable to pay loans/EMI because you are struck down by an accident? From your health to your home to your travel to your vehicles to being exposed to cybercrimes – there are insurance policies to protect you from any potential accidental scenarios that may affect your peace of mind, and that too at negligible costs.

3. Services – just a click away

Gone are the days when insurers took months to settle your claims. Today the industry is highly tech driven with the support of AI and ML, and you can just upload pictures and documents through your mobile phones to get your claims settled. If you’re travelling and the flight gets delayed, the insurer transfers the claim amount to your registered bank account even before you land. Similarly, if you’re

stuck in a foreign land and need some assistance, you can just give a missed call to your insurer to get instant assistance in your language. If you are woman driver and your car has a flat tire, your free of cost 24*7 roadside assistance is just a call away. Insurers are bracing themselves up to make inroads into the lives of millennials by making the transactions as smooth as possible.

4. You are participating in a social good

Would you not pool money for a friend in need? Do you not join social groups which collect money for a noble cause that's close to your heart? Insurance works on exact similar lines, where the money collected from a large section is used to pay up for the losses of a few unlucky ones who meet with accidents.

Many of us feel that insurance is a lost investment since it earns you no returns at the end of a year. But the truth is that, it is a social pooling that is being undertaken, and you are lucky if you don't meet with a claim like scenario, and if you are not so then you are taken care of.

5. You need to change the "It Won't happen", "I don't understand" attitude

Often, we have an "it won't happen to me" attitude. That's how the human brain is wired. But in India reports state that there is one death in every 4 minutes due to road accidents, one cybercrime every 10 minutes and an all-time rise in health issues due to the sedentary lifestyle. So, it can happen to anyone, and it can happen to you.

The smarter choice will always be to have adequate insurance protection in place – a health policy, a home insurance policy, insurance for your vehicles, a personal accident cover and a cyber-insurance policy.

And when someone talks about financial tools such as insurance, do not often brush it off by saying that you do not understand the jargons. It's funny that while we can compare complex products such as laptops and mobile phones and cars, with consummate ease then why do we find it difficult to do the same when it comes to insurance products which actually safeguard all our investments. With the advent of online sales, insurers too have demystified their products and services and enough content is available for you to go through and secure yourself with the right covers.

You belong and contribute to the young, vibrant and growing economy of the country and are perceived to be smarter and better equipped than the previous generations. Insurers too have geared up technologically and otherwise to match our strides with you by offering relevant products, lucrative coverage and an easy claims experience. Having adequate protection hence is not only a smart choice, but also the best move ensuring a financially stress-free future while you continue living your life to the fullest.

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Insurance penetration in India at 3.69%, one of the lowest across the world – Mint – 23rd February 2019

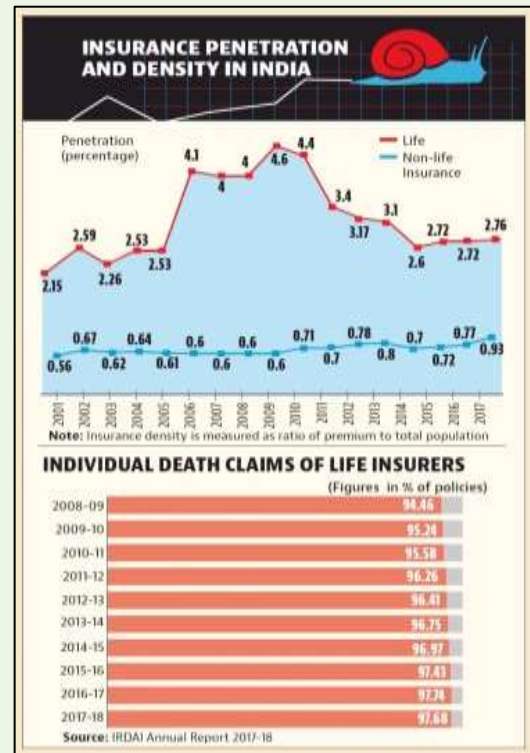


If you don't have an insurance policy, you are not alone. Insurance penetration in India continues to be one of the lowest at 3.69%, according to the annual report by IRDAI. "Insurance penetration in India was at less than 1% when the industry opened up for private companies in FY 2000-01. (Insurance penetration is calculated as first year new business premium to GDP)," said Anand Pejaware, president-operations, IT and International Business, SBI Life Insurance.

According to the report, the life insurance penetration was at 4.6% in 2009 but visibly showed a downward trend after that. According to Pankaj Razdan, CEO, Aditya Birla Sun Life Insurance Co. Ltd, volatility in the stock market in 2008-2009 and regulatory changes in 2010 adversely impacted the sale of Ulip (unit-linked insurance plan) products and premiums. "Penetration in India reflected a flat trend of 2.7% from FY 2014-15 to 2016-17. However, since 2014, the industry witnessed an increase in the premium per person," said Razdan.

According to the report, the new business premium for life insurance has increased from Rs. 9,707.4 crore in FY 2000-01 to Rs. 19.41 trillion in FY 2017-18. Though there has been a growth in absolute number, the rate of growth of new business premium has slowed.

"Demonetisation in 2016-17 resulted in a lot of money flowing into investment avenues, one of which was the life insurance sector. With the high base effect due to demonetisation, it has been difficult to sustain the same rate of growth in subsequent years," said Vighnesh Shahane, managing director and chief executive officer, IDBI Federal Life Insurance.



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LIFE INSURANCE

Life insurance to cost less as mortality rate declines - Deccan Chronicle - 1st March 2019



With a significant fall in the mortality rate in India, the cost of life insurance premiums is set to come down to a comfortable level. All working professionals in the age group between 22 and 50 have reason to cheer, as they have to pay less premium in the coming fiscal starting from April 1, 2019.

According to the revised Indian Assured Lives Mortality Table 2012-14, conducted by the Institute of Actuaries of India (IAI), mortality rates among the insured, for those aged between 22 and 50 years, fell 4 per cent-to-16 per cent in 2012-14 from 2006-08. Earlier, the industry was using the 2006-08 table as the reference frame for pricing life insurance products. Now the new data will be used for reference. The Mortality Table has been tabulated on the basis of data from 24 life insurance companies for the period of investigation, from April 1, 2012 to March 31, 2014.

Reacting the development, a top official in a public sector life insurance company told Financial Chronicle, "We need to be cautious about the survey, based on which we may review the tariffs within some age bracket. I think that the working-age professionals may have to pay less to buy life insurance in the next fiscal year, with the industry switching to the latest statistical tables on mortality to review the rates it charges for covering lives."

However, industry experts feel that the persons in the 22-50 year age group could see a reduction in term-cover premiums from April 1, while premiums may rise for older consumers as mortality rates increased 3-21 per cent in the 82-105-year age bracket. "The mortality table reflects that the proposed premium will depend on and vary from company to company, and it may also come down after a thorough review of concerned insurance firms, depending the age group of the person. However, we have seen that it has been an annual affair in some foreign countries, but in India, it may be carried out every five years or so," said another chief executive of a private life insurance firm.

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Checklist for Term Plans: 5 things you should do while getting life insurance cover - Financial express - 28th February 2019



The purpose of taking a term insurance plan is to ensure that the dependents may maintain the same standard of living even after the early demise of the earning member. So, the insurance should provide enough cover that would replace the earning and help the dependents lead a life without sacrificing necessities due to shortage of money.

It is very important for every earning person to take adequate insurance to ensure financial well being of the dependent members of the family in case of his/her unfortunate early demise, which may be ensured through term plans effectively.

While applying for a term insurance plan, the following factors should be kept in mind:

Select long tenure to cover your earning life

Unlike endowment insurance policies, premium in term plans increases with period of insurance as the risks increase with the duration of cover. But go for a tenure that would cover your entire working life and in the pursuit of saving money and paying lesser premiums, don't end up buying term insurance for a short period. The motive of taking a term policy is for protection and it offers nothing if you outlive your policy's maturity. So instead of benefits, you may incur losses by taking a short-term policy.

Take sufficient cover to replace earnings/expenditures

There are various ways to calculate the amount of insurance needed, like - income replacement method or human life value (HLV) for persons having regular income and expenditure replacement method for those having uneven income. The factors that influence the amount of insurance are the current income of the person, expected yearly rate of increase in income, length of remaining earning life and prevailing risk-free rate of return on investments to calculate HLV and expenditures (of his/her dependents), rate of inflation and risk-free rate of return on investments to calculate insurance needed to replace future expenditures.

Roughly, a term policy should be at least ten times as much as your current income. Although the required insurance cover may seem like a huge amount, but don't buy a term plan with coverage that is too little to sustain your family's needs during your earning life and thereafter.

Look for additional rider benefits

Apart from the basic cover that triggers on demise of the policyholder, options of riders are also available to fetch benefits at times of disability or critical illness, which may prove very useful in such situations. So, you should consider availing such riders by paying some extra premium.

Study terms and conditions and claim settlement history

It is very important to study the terms and conditions to realise how stringent may be the claim settlement process. Also, don't just study claim settlement ratio that predominantly reflects settlement of claims, which are admitted by the insurance company. You should also look at the claim payment history

of companies to see if fine prints are blatantly used to refuse admitting claims, or cases are dealt with leniency, like some companies reduced the missing period of 7 years to settle claims of nominees of missing persons during the Uttarakhand floods and during similar natural calamities, or went on to settle claims on death of security personnel in terror attacks, while other companies denied claims showing the terrorism clause.

Keep copies of proposal form and other records

As the claim arises only after demise of the policyholder, it is very important for a policyholder to preserve the copy of filled up proposal form, benefit illustration given during demonstration of the policy and copies of pre-policy medical checkups in a safe way, which the nominee would readily access. In the absence of a policyholder, who entered into the contract with the insurance company, such documents may prove very handy for the nominee if some disputes arise during the claim settlement.

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An ideal guide for millennials to buy life insurance - Financial express - 28th February 2019



Millennials usually think that why do they need a life insurance policy? Is it worth investing in such a plan or how this policy can benefit me?

The answers to these questions are that there are a number of reasons for buying a Life Insurance Policy. Getting married, buying a new house or having kids or dependents could be some of those.

As you scroll down this article you will find when and how life insurance policy can provide you with financial security option and how it can be a wise decision for millennials.

Need of Life Insurance for Millennials

As it is said that, Do the right thing at the right time. Millennial usually carry the attitude of “There is no tomorrow” and hence end up spending thousands of money at things that are not important and which would make them regret later. Ideally, the reality is that millennials need to think about their and their family’s future in order to live a stress-free life later. A Life Insurance proves to be an ideal pick in such case as it offers financial coverage to your dependents in your absence.

Doing the right investment at the right time, can help millennial systematically invest in their better future. As we all know that life is highly unpredictable, it is very important to plan and be prepared for any unforeseen situations that come your way, so that you and your dependents do not have to bother about the financial part in your absence. Life Insurance would work as a safety net for your dependents or loved ones in such situations.

As it rightly said that, Unless You Are Immortal You Need Life Insurance

Opting for a life insurance policy doesn’t mean that you are getting into insurance but it is another way to build funds as well. In other words, it could be said that Life Insurance is more than an investment opportunity to build up the funds.

How does Life Insurance help?

Life insurance provides the life cover and keeps your family financially equipped in your absence. Life coverage differs from person-to-person and plan-to-plan. Hence, one has the option to choose the plan as per his or her requirements and budget.

What kind of insurance policy should a millennial buy?

There are different types of Life Insurance policy which provides various saving opportunities along with the life cover. Some of the types include Term Plan (a product that covers the life insured against an

untimely death) and Unit Linked Insurance Plan (ULIP) which includes an investment component so that you can invest money as per your risk capacity.

Life Insurance also comes with an endowment plan which is basically a traditional plan and offers life cover along with an opportunity to start saving. Additionally, there are optimum plans to secure your child's future. These are long term plans which are designed for your child's education or marriage. Hence, for Millennials who have kids need not worry about their kid's future expenses since this plan is a wise pick for you.

Besides these policies, there is a Money Back Policy which is designed to meet the short term financial goals and offer returns as a % of a sum assured over a regular period of time. To choose the right type of Life Insurance, it is imperative that one must first figure out their financial goals i.e.both long term and short term goals.

What factors to consider while finding the best pick for you?

Finding the right type might seem like a Hard Brick to Break. The things which you must take into consideration before opting for any policy is you must assess your financial needs and goals. You must also consider inflation and accordingly check the different Life Insurance plans available.

You can also evaluate various Life Insurance policies that best suits your needs and if possible consult a trust for the financial advisor to help you find the right pick for you. Analysing the right plan as per your requirement and budget is a significant step before opting for any plans since it would help you to reap the benefits in the long run.

Although the Life Insurance policy may not seem like a top priority in your checklist at this time in your life, it would be a very crucial part of your financial goals at some point. It's better to take the right call at the very right time. This plan would not only offer you protection but it will also make the best use of your money along with financial stability for your loved ones.

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Why you should not make non-family member nominee in life insurance policy - The Economic Times - 25th February 2019



A private life insurer's commercial being aired on television these days shows a young, well-heeled about-to-be-betrothed man becoming more 'responsible'.

He takes care of his health, realises the importance of work-life balance and, buys a life insurance policy to safeguard his fiancée's future in his absence.

The challenge

However, there's a catch: the young man names his fiancée as nominee in his insurance proposal form. While the desire to protect your would-be better half is natural, the process is not as straightforward as it seems. First, the nomination has to pass the insurable interest test. "Technically, it is possible to have a nominee who is not a relative or legal heir. However, the life assured will have to prove the insurable interest in such cases with documentation," says Ashish Vohra, ED and CEO, Reliance Nippon Life Insurance.

Relations like parents and children, spouses, employer and employee present a clear case of insurable interest. "In other relations, if the dependent is a minor and the proposer has a guardian certificate, then insurable interest is presumed and insurance granted," says Abhijit Gulanikar, President, Business Strategy, SBI Life Insurance.

Life insurers are reluctant to issue policies if someone other than a close family member is named as dependant. "It is the principle for any prudent insurer to cover only family members as insurable interest," says V. Viswanand, Deputy MD, Max Life Insurance. The reason is simple: life insurance is bought to ensure the life assured's family do not suffer financially in the event of his demise.

Nominating someone who is not a close relative will thus raise eyebrows. Insurers tend to give such proposals a wide berth as the chances of frauds are high in such cases. "If there is a strong reason for such a nomination and the nominee is dependent on the life assured, however, insurers can issue a policy based on a declaration stating the same," says Dharendra Mahyavanshi, Co-founder, Turtlemint, an insurance aggregation portal. You might have to answer more questions and give evidence for a strong case.

The intricacies

Concerns don't end even after the life insurer accepts someone who is not a close relative as a nominee. Your nominee, who is not a legal heir, may have to contend with disputes with family members at the time of claim payout. The fiancée, for example, cannot be the beneficial nominee as she is not married yet.

The concept was introduced by the amended Insurance Laws (Amendment) Act 2015, which made it clear that in case a policyholder nominates her father, mother, spouse and children in a policy, they will not be mere trustees or receivers on behalf of legal heirs, but also ultimate beneficiaries.

The purpose is to ensure the intended beneficiaries get the money. In legal parlance, nominees are not necessarily inheritors of your wealth or claim proceeds. They are mere custodians of the proceeds until the money is handed over to legal heirs. The life insurer gets a legal discharge once it hands over the claim to the nominee.

In case of dispute, it is the nominee and legal heirs' battle to fight. "Precedents show that the Indian Succession Act supersedes Section 39 of the Insurance Act. Nominees have been viewed as mere custodians of life insurance proceeds and not ultimate beneficiaries," explains Mahyavanshi.

Past cases where nominations have proved to be fallible

Sarabati Devi vs Usha Devi

1983: The Supreme Court of India

The case

Life assured Jagmohan Swaup died intestate, survived by his mother Sarabati Devi, wife Usha Devi and son Alok Kumar. He nominated his wife in his life insurance policy, giving rise to a dispute amongst the three legal heirs.

Judgment in favour of: Sarabati Devi

Gist of the verdict

Nomination does not imply beneficial interest, but only serves the purpose of providing valid discharge to the insurer. The legal heirs are entitled to their share as per laws of succession governing them (in this case, the Hindu Succession Act, 1956).

Shipra Sengupta vs Niharbala/Mridul Sengupta

2009: The Supreme Court of India

The case

Shipra Sengupta, wife of deceased life assured Shyamal Sengupta, claimed a share in his life insurance proceeds, PF, gratuity and so on citing her status as his legal heir, despite nominations (made when the deceased was single) in favour of his mother Niharbala Sengupta, who later willed the proceeds in favour of her son Mridul.

Judgment in favour of: Shipra Sengupta

Gist of the verdict

The proceeds are to be shared in accordance with the laws of succession.

So can you secure someone who is not a family member? You can, with some additional effort. To make the nomination effective, you will have to execute a Will that makes your position on who the ultimate beneficiary of your claim proceeds are very clear. "In the absence of such a Will, the insurer will pay the non-family member the insurance benefit but the non-family member will be obliged to pass on the benefit to legal heirs," says Kapil Mehta, Co-founder, Securenow.in.

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Investment deadline approaching: Do not buy life insurance just to save income tax - Financial Express - 25th February 2019



Saving income tax cannot be the sole motivation for buying a life insurance policy or paying insurance premium, even though there is a general impression that life insurance is a tool to escape the income tax liability to a large extent. But this is a highly misplaced notion. If the life insurance business has grown at a fairly impressive rate in our country it is mostly because of the hard work carried out by the millions of agents and lakhs of employees of insurance companies including LIC, who have carried the message of financial security through life insurance to almost each household in urban as well as in rural areas.

The exceptionally high productivity of insurance sales persons during the last quarter of a financial year, however, gives credence to the belief that life insurance is sold for saving personal tax only. It is partially true that during the last quarter most people focus on sale and purchase of life insurance for such benefits. There is definitely a large group of people who would like to minimise tax liability by paying life insurance premium in the relevant year.

Insurance and tax benefit

Section 80C of the Income Tax Act, 1961 provides for deduction from income on premium paid to buy and keep in-force the life insurance policy on the life of self, spouse and children. Under this section the maximum permissible deduction is up to Rs 1.5 lakh. However, the ceiling is inclusive of investments made in deferred annuity policies and contributions to provident fund, investment in ELSS of the mutual funds. This includes premium paid under group savings linked insurance schemes.

The main reason for buying a life insurance policy should be the human life value which would require to be substituted through the policy in case the insured dies during his earning period. The premium amount eligible for such deductions from income cannot be more than 10% of the sum assured. However, individuals who suffer from serious disability or disease may avail themselves of deductions from premium to the extent of 15% of the sum assured. For policies issued before April 1, 2012 the deduction is fixed at 20% of the sum assured.

Terminating a policy

Policyholders cannot get away with the deductions from taxable income if they terminate a policy immediately in the next few years for which deductions have already been claimed. In case of life insurance policy taken through single premium mode, do not surrender the policy before completion of two years from the date of first premium received. For ULIPs, minimum retention period is five years and for others, minimum period is two years.

Some life insurers offer health insurance or critical health insurance cover as an add-on benefit under the life insurance policy. Policyholders can claim separate deduction of up to Rs 25,000 under Section 80D. The amount may go up to Rs 30,000 in case a senior citizen holds such policy. Those who pay premium on behalf of parents may also claim such deduction.

Tax-free maturity proceeds

The maturity proceeds received by the policyholders or their nominees/successors, respectively are fully exempted from tax liability under Section 10 (10D). However, maturity proceeds in respect of Keyman insurance policy under Section 80DD are not exempted from income tax.

Life insurance is a convenient tool for providing financial security to the dependants of the earning members of a family. The tax exemptions are only incentives given by the government for encouraging people to buy life insurance in the absence of comprehensive social security system.

Income tax benefits should never be considered as a reason for buying life insurance. Those who think that the business of life insurance survives on tax efficiency need to correct their understanding of the wonderful financial tool.



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Should you opt for life insurance even if you don't have any dependent? – Financial Express – 24th February 2019



Life insurance in short is a line of defence that offers your dependents a supplementary income alternative in the event of your untimely demise. So, anyone in your family who needs your financial support for survival such as your children, spouse or parents can be covered through life insurance. However, what if you don't have any dependents? Do you still need to include insurance in your portfolio. Let's explore some scenarios wherein you need to have a life insurance plan even if you don't have dependents.

For future needs, take advantage of cheaper premiums

You may not have any dependents at the moment, but at some point in future you may decide to get married and have children, and your parents will get older too with time. You will have to financially safeguard them from the possibility of your untimely demise. So, you cannot avoid buying insurance, you can only delay it. However, a delay is only going to cost you more premium, as the insurance premium goes up with age. For example, if you choose to buy insurance at 35 instead of 25, the same term plan can cost up to 100% more.

In the table below, we have compared premiums to be paid at the age of 25 years and 35 years for a life cover worth Rs 50 lakh.

Insurance Company and policy detail	Premium for Rs 50 Lac Life Cover (In Rs)	
	Age=25 Years, Term= 35 years	Age= 35 Years, Term= 25 years
LIC- e-Term policy	6622	9716
ICICI- iprotect smart	4340	6006
Max Life- Online term plan plus	4130	5723
Aditya Birla Sun Life- Digishield	4873	6443

Data only for illustration purpose

What if you have debts?

If you have a home loan or some other long-term loan that's your responsibility, you need to cover for it. You don't want someone else to pick up the pieces after you. Neither do you want to lose the proceeds of

the assets to recover from the loan. Instead opt for a term insurance, which is quite inexpensive to acquire, and can have your liabilities covered.

Additional benefits that it comes with

Other than offering a life cover, insurance policies come with additional benefits such as pension scheme, critical illness rider and accident rider.

For example, many insurance companies offer a pension plan to build a fund for retirement. The pension plan comes in variety. It can provide you with a lump sum amount along with annuity benefit.

Insurance plays an important role in your loan’s co-signer and guarantor

While some loans are written off in case of your sudden demise, loans that you have co-signed with another person land squarely on the co-signer if it’s still unpaid. So, say you have a student loan that is co-signed by your parents, your parents will have to recover the loan amount in your absence. A life insurance can pay for your loan repayment in the event of your sudden demise.

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Your insurance premium is likely to cost less from April 1 - The Economic Times - 23rd February 2019

Working-age Indians may have to pay less to buy life insurance in the next fiscal year, with the industry switching to the latest statistical tables on mortality to review the tariffs it charges for covering lives. Those in the 22-50 year age group could see a reduction in term-cover premiums from April 1, when the reference would be reset.

“The premium depends on company-specific experience, and it may also come down. The mortality table reflects the industry experience,” said Sanjiv Pujari, chief actuary, SBI Life Insurance. “In some countries, it is an annual affair. But in India, it is carried out every five-six years.”

Living Longer			
Age bracket	Avg Mortality Rates		% Change
	2006-08	2012-14	
22-25	0.97	0.93	-4%
26-30	1.03	0.95	-8%
31-35	1.2	1.10	-9%
36-40	1.62	1.47	-10%
41-45	2.51	2.17	-13%
46-50	4.26	3.59	-16%
51-55	6.97	6.21	-11%
56-60	10.38	9.67	-7%
61-65	15.21	13.86	-9%
66-70	22.96	20.44	-11%
71-75	35.16	31.95	-9%
76-81	56.27	54.33	-3%

The revised Indian Assured Lives Mortality table 2012-14, published by the Institute of Actuaries of India, showed that mortality rates among the insured fell 4-16% for those aged between 22 and 50 years.

Earlier, the industry was using the 2006-08 table as the reference frame for pricing life insurance products.

The mortality tables, which reflect deaths per thousand assured lives, would be used by life insurers for calculating reserves to be set aside for payouts to policyholders.

“These reductions in rates where most of our plans are sold may further help the industry in lowering product pricing, especially for term plans,” said Anil Kumar Singh, appointed actuary, Aditya Birla Sun Life Insurance.

Overall, the revised table is favourable as there is a reduction in mortality rates in buckets where the industry sells the majority of life policies.

Source: Institute of Actuaries of India, Aditya Birla Sun Life; Data for male assured lives

However, premiums may rise for older consumers. Tables show that mortality rates increased 3-21% in the 82-105-year age bracket.

“This may impact plans that have maturity ages beyond 80, although currently very few plans offer such coverage,” said Singh. Insurance companies factor in their own experience, in addition to the statistics shared by reinsurers, for mortality rate assumption and premium rate calculations.

“Internal experience analysis is carried out much more frequently, at least annually, than this industry level mortality study, which has been updated after six years,” said Sanket Kawatkar, partner, Milliman Advisors LLP. “However, just because the industry table changes, it does not necessarily mean that insurance companies would change their internal mortality assumptions,” he added.

The tables also show that mortality rates for women insurance buyers have reduced. There has been an improvement of 4.5-17% for women insurance buyers in the 14-44 year age group.

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Source

GENERAL INSURANCE

India-Pakistan tensions may not impact insurance covers, say experts - Business Standard - 1st March 2019



Insurance covers are taken for a relatively long period of time. But sudden events of conflict between two nations are unlikely to influence any change in rates charged by insurers for any cover taken by companies in the conflict region, said industry experts.

However, they say, if the cover is up for renewal during the time of conflict, insurers can tweak the underwriting norms and factor in the conflict situation accordingly in the premiums they charge.

Generally, conflicts like wars are not covered. “But companies can take cover for war separately or with some existing covers that they have already taken (like property cover, engineering cover) by paying extra,” said an insurance company executive.

“Risks of conflict are not ordinarily covered because nobody anticipates a war-like situation,” said Rakesh Jain, chief executive officer (CEO) of Reliance General Insurance.

If it’s a full-blown war, war exclusions kick in. All covers have a war exclusion clause. For cargo, shipping, and aviation industries, war schemes are available. Plus, insurers can increase rates if they feel the situation is volatile. They also have the right to pull off, said industry experts.

According to Kapil Mehta, CEO, Secure Now, an insurance broking firm, “Insurance premiums won’t go up even if there is a war-like situation. This is not standard for all, but there are many policies that exclude war risks. So, if the policies exclude the ‘war clause’, payouts won’t happen.”

If a company or a manufacturing entity is near the conflict zone, it doesn’t have too many options with its normal covers unless the government does something, clarified industry experts.

Moreover, coverage for conflict-like situation is generally provided by reinsurers. A conflict in one part of the world doesn’t impact the rates of the coverage provided so much.

“When we look at conflicts across the world, they are not showing signs of picking up pace. In the past five years, these rates have been coming down and rates for natural calamity are going up,” added Mehta.

“If there is a manufacturing unit close to the border, the insurer is well within his rights to issue the cover by excluding the war clause. But if they include war coverage, there could be price escalation,” said Mehta.

In the past few days, India and Pakistan have seen conflict-like situation after India carried out non-military pre-emptive strikes at specific location of a terror outfit in Pakistan responsible for the ghastly terror attack on the CRPF convoy in Pulwama on February 14. Pakistan retaliated by targeting military installations on the Indian side, but it was foiled in its attempt. This escalated tensions between both the neighbours.



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General insurers’ claim ratios improve - The Economic Times – 1st March 2019

Mumbai: General insurers improved their record at claims management in government sponsored and corporate group health segments in 2017-18, but the wide gap between incurred claims ratios — claims against premium earned — of individual and group segments persists.

Thanks to better pricing and lower competition, general and standalone health insurers recorded an overall incurred claim ratio of 94 per cent in 2017-18, compared with 105.6 per cent in 2016-17, as per the sector regulator’s handbook, Indian Insurance Statistics 2017-18.

Government and group businesses reported ratios of 115 per cent and 107 per cent, respectively, while those of family floater and individual segments were far lower at 70 per cent and 73 per cent. A year earlier, incurred claims ratios were 122 per cent and 125 per cent for government and group segments, and 73 per cent and 79 per cent for family floater and individual segments. Public sector companies’ retail health ratios are higher than those of private companies.

“There is increase in pricing discipline from insurers which is leading to improvement in loss ratios,” said Shreeraj Deshpande, principal officer at Future Generali General Insurance. Incurred claim ratio represents claims paid out of net premiums earned during the year. A high claims ratio of over 100 per cent, which the industry has been grappling with in the group segment for years, indicates that companies are paying out more claims than the premiums they are collecting.

Insurers	Government Sponsored Schemes Including RSBY		Group Insurance Schemes excluding Govt Sponsored Schemes		Individual Family Floater		Individual Other than Family Floater		TOTAL	
	Incurred claims ratio (Net)	Incurred claims ratio (Net)	Incurred claims ratio (Net)	Incurred claims ratio (Net)	Incurred claims ratio (Net)	Incurred claims ratio (Net)	Incurred claims ratio (Net)	Incurred claims ratio (Net)	Incurred claims ratio (Net)	Incurred claims ratio (Net)
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
PRIVATE	115%	109%	92%	85%	65%	70%	64%	56%	84.10%	80%
PUBLIC	124%	116%	138%	116%	87%	87%	101%	89%	122.40%	108%
STANDALONE HEALTH INSURERS	55%	98%	76%	85%	56%	56%	51%	53%	58.20%	62%
GRAND TOTAL	122%	115%	125%	107%	73%	70%	79%	73%	105.60%	94%

“Insurers consider group insurance as a low-margin wholesale business that is driven for turnover growth targets, and the free financial float in the form of annual advance premium received from large clients than conventional underwriting profits,” said Mahavir Chopra, director of life, health and strategic initiatives at Coverfox.com, an online insurance broker. This is why corporate group covers come with lower premiums, fewer exclusions and shorter waiting periods, unlike retail health. On the other hand, retail health business has consistently been a profitable proposition for the companies. From a policyholder's point of view, a very high incurred claim ratio (ICR) may point to an upcoming hike in insurance premiums, especially for senior citizens. Within group insurance, private insurers have fared better than public sector ones. “They have been able to get control over ICR, by selecting the right risks,

and hardening premiums on group health insurance,” said Chopra. In the case of public sector companies, ICR remains high for individual segments, too.

“In my view, this is largely due to increasing proportion of ageing population in their portfolio. This is the primary reason; most PSUs have increased their premiums lately and there is a likely increase of premium for select companies in the coming fiscal year too,” he said. On the other hand, private and standalone health insurers are reaping benefits of sharper underwriting and risk selection, and a relatively younger portfolio.

From policyholders’ perspective, a very low claims ratio may not be desirable. However, this ratio is different from the claim settlement rate. “So, if an insurer has 50 per cent incurred claim ratio, it does not mean that claims are being rejected but could also be that the premium or acquisition costs are high. However, the incurred claim ratio is an important indicator in any case — if I were a customer I would want to buy insurances that have incurred claim ratios in the 70-100 per cent band,” said an industry-watcher who did not wish to be named.

“On individual and family floater products, at an overall level, the ratios are fine — between 70 and 75 per cent. However, at the individual company level, there are insurers with low ICRs and one has to understand the reasons carefully, for example premiums or acquisition costs may be high,” said Kapil Mehta, cofounder of Securenow.in, a group insurance broker.

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Source

Insurance scheme for poultry farmers launched in JK - Outlook – 27th February 2019



Jammu and Kashmir administration Wednesday launched insurance scheme for poultry farmers of Jammu division. The scheme was launched here by Asgar Hassan Samoon, Principal Secretary, Animal and Sheep Husbandry, an official spokesman said.

He said around 30 beneficiary farmers and representatives of insurance company were present on the occasion. Meanwhile, the spokesman said, an eight-member committee was constituted to verify and inspect the functioning and facilities of poultry dressing units and menace of import of unhygienic

dressed poultry meat into the state.

The committee, headed by commissioner food safety, has been asked to submit its report within a period of three months, he said quoting an order issued by General Administration Department. The spokesman said the terms of reference of the committee included random inspection of the facilities and infrastructure of poultry dressing units and verify processing capacity and mode of disposal of final product of poultry dressing units.

The committee would interact with poultry farmers and verify the allegations that dressing unit holders are selling live birds in the market after exemption of tax, he said, adding it would also collect details of dressed poultry meat imported into the state, traders or agencies involved in importation of dressed poultry meat. It will randomly check hygiene of imported dressed poultry meat, mode of transportation and hygiene of retail outlets, maintenance of cold chain, firms or agencies from where poultry meat is imported, the spokesman said.

The committee will also verify and collect the records of poultry products imported into the state from Lakanpur check point and zig check point, he said, adding that the veterinary doctors posted at the two check points will assist the committee.

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Source

HC asks insurance cos to change attitude towards disabled – Outlook – 27th February 2019



There has to be a "change in attitude" of public insurance companies that do not insure people disabled since birth on the ground that they are suffer from congenital anomalies, the Delhi High Court said Wednesday.

"You have to change your attitude. You are in the public sector," a bench of Chief Justice Rajendra Menon and Justice V K Rao said to the General Insurance Council (GIC) after its lawyer told the court that insuring persons with congenital anomalies was a contractual matter between a company and the individual.

The observation by the court came while hearing a PIL seeking directions to the Centre, the IRDAI and insurance companies to remove congenital anomalies, like external or internal abnormality in the womb, from the list of general exclusions in the health or life insurance policies.

The petition, by Nipun Malhotra, has challenged the "arbitrary" and "illegal" mechanisms adopted by the IRDAI in denying the rights of Persons with Disabilities (PwD) to seek insurance cover for themselves on the ground that their conditions are categorised under the scope of "congenital anomalies", as defined under a July 29, 2016 circular by the regulator.

Congenital anomalies are also known as birth defects and could be caused by single gene defects, chromosomal disorders, multifactorial inheritance, environmental teratogens and micronutrient deficiencies. During the day's hearing, advocate Jai Dehadrai, appearing for Malhotra, urged the court to pass an interim order directing the insurance companies to provide insurance cover to his client who suffers from a locomotor disability.

Dehadrai said that Malhotra was in perfect health and was willing to undergo any test that is required for grant of the insurance cover. The counsel for GIC opposed grant of any interim order saying that it was a contractual matter and the high court has in the past in a similar case held that courts should not intervene in such matters.

However, the bench said that the earlier high court decision was pertaining to congenital diseases and here the petitioner was in perfect health. "That was a case where a person had a congenital disease. Here the person has an anomaly. His mobility is affected. He needs a wheelchair to move around. Otherwise he is in perfect health.

"You are in the public sector. When such a situation arises, you have to deal with it practically. You are a model statutory body. You have to change your attitude," the court said. It gave time to GIC and the Life Insurance Council to file their responses to the PIL and listed the matter for further hearing on May 15.

Malhotra, a disability rights activist who suffers from locomotor disability from birth, has sought a direction to the IRDAI to remove the phrase 'congenital anomalies' from the standardised definition of the 2016 circulars.

He has also sought direction to take a relook at the exclusionary clauses in insurance contracts and ensure that insurance companies do not reject claims on the basis of exclusions related to congenital anomalies.

In his petition, he has said the effect of the circular and regulations was that PwDs found it next to impossible to seek insurance cover, when undergoing any health related complications.

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Source

Insurers to meet next week to discuss design and pricing of uniform health-cover product - The Hindu Business Line - 27th February 2019



General insurance companies are set to meet next week to discuss the proposed guidelines on standardisation of individual health insurance that makes it mandatory for all insurers to have a basic and uniform health insurance cover.

Sources said the insurers, under the umbrella body of the General Insurance Council (GIC), will meet on March 6, to discuss the design and pricing of the proposed standard health insurance cover.

“It is a preliminary meeting to see how best the industry, as a whole, can come out with a simple,

standardised product,” said R Chandrasekaran, Secretary General, GIC.

The Insurance Regulatory and Development Authority of India (IRDAI) had, on February 19, unveiled draft norms for standardisation of individual health cover, under which insurers are expected to offer a basic health insurance cover that is uniform across the market.

“From a customer’s perspective, this is a very welcome move. But the question is what will happen to add-ons and other products that are similar to the standard but a little different? No one knows as of now,” said an executive with an insurance firm, adding that the meeting will thrash out these issues.

More clarity needed

Another executive said insurance companies are also likely to compile a set of questions on these issues and submit it to the IRDAI for more clarity.

Industry experts believe that as of now pricing is not a concern, and the impact on premium will not be significant. “The pricing impact still has to be worked out, but it will not be much. The fact that it has a 5 per cent co-pay is likely to lower the premium price, but other provisions could increase the premium to some extent,” said the first executive.

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Despite RERA, title cover has no takers - Deccan Chronicle - 27th February 2019



Only three title insurance policies have been sold in nearly two years despite the Central Real Estate Regulation and Development Act 2016 (RERA) mandating builders to buy title insurance covers for their projects.

Insurers blame the delay in notifying the rules under the Act by respective state governments for the slow offtake of title insurance covers.

Till now, all the three title insurance policies have been voluntarily bought by builders from HDFC ERGO General Insurance.

Title insurance products are offered by seven non-life insurance companies, namely, New India Assurance, Bajaj Allianz General Insurance, HDFC ERGO General Insurance, Tata-AIG General Insurance, ICICI Lombard General Insurance, National Insurance and Liberty General Insurance.

Sean Dalton, chairman, SLT London, who has been coming to India to help insurers develop title insurance products, told Financial Chronicle, “Since RERA makes it mandatory, the market for title insurance is huge but individual state governments have to notify the rules. Till that is not done,

developers won't be compelled to buy title insurance and would see it as an additional cost and a commoditised product. We think that India can be a much bigger market than the European market in title insurance, which, according to estimates, was 300 million sterling in 2017. So the main impetus should come from the state governments."

"In India, the title records are not as good as they are elsewhere and no one has bought title insurance so there is no experience with insurers. So it's a dilemma. The premium rates would come down once we get more familiar with the circumstances in India," added Dalton.

Builders on the other hand feel that the cost of insurance could escalate property prices, especially in affordable housing and also demanded that title insurance covers should be of longer tenure of 7-15 years.

An official from New India Assurance said, "We have been getting enquiries but they have not resulted in actual sales." According to Anuj Tyagi, executive director, HDFC ERGO, while the sum insured would depend on the project sites, the premium would vary between 0.5 to 3 per cent of the sum insured for a 10 year policy.

Title insurance provides indemnity to property developers and homeowners against defects in land title that arise out of third-party challenges. If a title is defective then a title insurance policy will cover the legislation costs.

The RERA Act came into effect nationwide from May 1, 2017. According to Section 16 of the Act, promoter shall obtain all insurances including title of land and construction of real estate project and obligations in case of a transfer. Premium has to be paid by promoter before transferring the title. This is for projects larger than 500 square metre in area and exceeding eight flats.

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Source

4 little known benefits that come attached with travel insurance - Financial Express - 25th February 2019



While some of us prefer planning our vacations well in advance, others are quite spontaneous and love the concept of last-minute holidays. No matter what kind of a traveller you are, travel insurance plays a pivotal role in the success of your trip. Moreover, the many unplanned expenses incurred in a foreign country for availing emergency services are quite expensive. To take care of all such expenses, there are travel insurance plans that have evolved significantly over the last few years to provide maximum benefit to the customers. Travel insurance companies are now offering policies that are packed with a wide array of

benefits to ensure a peaceful and memorable holiday for travellers.

Here's a quick look at some of the latest benefits, how they work, and how they are useful for you as traveller.

Emergency Cash Advance

Purchasing a comprehensive travel insurance policy that offers emergency cash overseas is one of the smartest decisions to make as a traveller. A round-the-clock security of being able to access emergency cash in a foreign land is extremely important not just for business travellers but also for students or families on a vacation. In case of an emergency situation like theft, mugging and burglary, access to emergency cash feature will ensure that you can continue your trip and pay for necessary expenses like meals, accommodations, transportation and even calls made back home. In case you are robbed of cash and personal documents, your travel insurer will arrange emergency cash advances from his sources.

Two popular emergency cash advance services available to Indians travelling overseas include emergency loans and traveller's checks. In order to be eligible for emergency cash advances, you must present an official police report for the incident. Further, depending on your policy and coverage details, you are eligible for cash advance loans for several hundred dollars which must be repaid to the insurer as per terms and conditions.

Zero Deductible

Your deductible in your travel insurance policy plays a great role in determining how much you need to pay in the event of a claim made. After you buy travel insurance, your insurer will pay eligible expenses once you have paid your deductible amount. Let us understand it with an example. If you make a claim of \$1000 under a particular coverage and the deductible in your policy for the service is \$100, only \$900 is payable as per policy terms and conditions.

Travel companies have now introduced the concept of zero deductible under which the policyholders are not liable to pay any amount during a claim. For example, if you make a claim for \$2000 to your insurer against emergency hospitalization overseas, your deductible remains zero and the entire claim amount will be paid by your insurer without any deductions. However, one must know the premium amount goes slightly up when choosing insurance policy with zero deductible. Before buying travel insurance, it is important to check for zero-deductible travel cover with your preferred insurer.

Missed Connections

When flight delays or missed connections happen due to delay in incoming flight from another destination, you may miss your flight connections. However, if your travel insurance includes missed connections benefit, your insurer will bear the incurred expenses up to the sum insured. However, in case you have any deductibles attached to the service, the claim will be settled minus deductibles. The coverage even provides reimbursement for different pre-paid expenses and reasonable additional expenses made by the traveller. The expenses may include money spent on meals, transportation, and accommodation. The travellers are advised to plan their trips well in advance and make sure they have ample time between connecting flights so that they do not miss their flights.

Home Burglary

Your home is quite prone to theft, break-ins or burglaries especially when you are travelling outside the country and such incidents can certainly cause severe mental stress and huge financial loss to one. It is important for you to shield your home from the risk of such occurrences. With a comprehensive travel insurance policy that covers your home against burglary and housebreaking, you can stay relaxed during such stressful times. The feature covers every loss to your property due to burglary or housebreaking as described in the policy schedule that you receive on purchase of travel insurance.

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Source

Bengaluru fire: Vehicle owners yet to come to terms with loss – The Times of India – 25th February 2019



On February 24, 2018, Piyush Talwar, 28, a resident of Bannerghatta Main Road had bought home his dream car, a Honda WRV, for about Rs 11 lakh. Exactly a year later, on Sunday, Talwar posed for a photo — perhaps the last — in front his car. He could barely recognize it, charred as it was from the fire the broke out at the Yelahanka Air Force Station on Saturday.

Talwar (name changed on request) had to check the chassis number to find out if it was indeed his car. "It was a painful experience," he said. "I never imagined even in my wildest dreams that this aero show would turn out to be a disaster like

this. Look at the vehicle, can you even recognize it? My two small children cried through the night after seeing the wrecked car. I brought them for the show thinking they would be inspired to become pilots, but they shattered. I worked in the US and returned to India to work here but now I regret the decision" said Talwar, a techie.

Many owners whose vehicles were gutted in the fire shared Talwar's sentiments. The area resembled a war zone and the stench from burnt rubber, plastic and fibre was nauseating. Representatives of various insurance firms were seen assessing the damage to vehicles, trying to identify them from registration and chassis numbers.

Lack of support

Many say authorities are yet to set up help desks with representatives of police, transport department, insurance companies and vehicle dealers. Pramod Krishnan, who lost his car in the fire, said: "We expected some kindness from them. But now we are being made to run from pillar to post. They are also not allowing us to enter the area and the place lacks basic amenities like drinking water." Abhilash S, another affected owner from Peenya, said: "I don't know when the claim will be processed. This accident was not our fault and they should provide compensation for our loss."

Prakash M, another owner said there were no announcements about the fire during the show. "In fact, they didn't even suspend the show. We saw the smoke and rushed here, but security personnel prevented us from reaching our cars. It all gone by the time we had access." Lohit C, a resident of Hanumanth Nagar said: "This is our first aero show and will be our last. We had an emotional attachment with our car which is completely gutted. There was no support from defence personnel. Organisers didn't even provide us with transport to get back home. Had there been fire tenders stationed here, such large-scale damage could have been prevented."

All affected may not be eligible for claim

Representatives of insurance companies say owners who don't have comprehensive insurance cover may not receive any compensation for their gutted vehicles. They say most vehicle owners opts for third-party cover which is cheaper than a comprehensive policy.

According to the Motor Vehicles Act, 1988, third party insurance is mandatory for vehicles. It protects the owner against any liability to a third party's property when the policyholder is at fault. In contrast, a comprehensive policy covers damage to one's own vehicle besides third-party liability. However, a comprehensive policy is not mandated by law.

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Source

Government's mega merger plan for general insurance firms hits fresh roadblock - Mint - 25th February 2019



The government's plans for the mega merger of three general insurance firms to create one large and strong entity seems to have hit a roadblock. The Department of Financial Services (DFS), which oversees the operations of state-owned insurance firms, has written to the DIPAM not to proceed with the merger plan in haste and let it examine the proposal afresh and untangle complex operational issues first.

The fresh impediment has already removed the merger plan from this year's disinvestment calendar prepared by the Department of Investment and Public Asset Management (DIPAM). Sources now say that with the Finance Ministry raising fresh concerns, it would be difficult for the merger plan to go through even next year when a new government comes in at the Centre. The government had announced the merger of

three public sector general insurance firms: National Insurance Company, United India Insurance Company and Oriental India Insurance Company, in Budget 2018.

The move was billed as the biggest ever merger in the insurance sector with the new entity having a valuation exceeding Rs 1 lakh crore. It intended to complete the exercise in FY19 itself. "The DFS is concerned that a merger without looking at the exercise from different angles could lead to problems for the new entity emerging from the coming together of three general insurance firms.

Besides, there are also issues of further cutting losses and making operations of companies efficient and low cost. These have been highlighted by the DFS in its letter that virtually stalls the process and seeks more time to complete the merger," said an official source privy to the development. "The proposed merger of the three state-owned general insurance firms will happen only in the next fiscal now. Even this could be delayed if the tasks identified by the DFS are to be implemented and observed in detail."

Though the government hoped that the financial position of general insurance firms would improve before commencing the merger, the plan has not moved on the desired lines. In the quarter ended September last year, the three insurers had posted a combined loss of around Rs 1,800 crore. Moreover, a few of the insurance firms have also lost market share.

Besides financial issues, officials maintain that a thorough review of HR practices across the three firms is also needed before any merger could be considered. This is important as a combined entity could clock growth only if synergies are built. Right now there are no synergies and commercial interest of each company is clashing with others.

Rather than strengthening operations, state-run general insurance companies have gone deeper into the red this year. Oriental had posted a loss of Rs 240 crore in the second quarter of this fiscal, against a profit of Rs 200 crore in the July-September quarter of 2017. The companies' market share has also fallen with market share of National Insurance Company with respect of gross direct premium till December 2018 fell to 8.63 per cent. United India Insurance share also came down by around 4.88 per cent.

"There is need to bring down the losses of insurance firms further before any merger and subsequent listing is considered. The idea of the exercise is to create a larger and stronger entity and not one that remains weak and unable to take competition," said a sector analyst not willing to lend his name. As part of the strengthening exercise, the government has also directed the firms to undertake monetising their assets including real estate to raise revenues. It is expected that some capital support will also come from the Centre as there is also a plan to list the merged entity.

In 2017-18, the Centre had listed National Insurance and General Insurance Company, divesting 11.65 per cent and 12.5 per cent stakes respectively. Last year, the merger process moved a step ahead with the government floating a request for proposal (RFP) for appointment of consultants to oversee the merger process. But it did not move any further thereafter.

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Source

HEALTH INSURANCE

Contribution to Employees' State Insurance scheme rate reduced: Employees, employers to benefit - The Economic Times - 27th February 2019

The government, last week, approved the reduction in the rate of the contributions made by employers and employees to the Employees' State Insurance (ESI) Scheme. This reduction will benefit all the employees and employers covered under the ESI Scheme.

The employer's contribution has been reduced from 4.75 percent to 4 percent of wages, and employee contribution from 1.75 percent to 1 percent. This was announced in a draft notification issued by the Ministry of Labour and Employment on February 22. ESI is designed to provide protection to employees

as defined in the Employees' State Insurance Act, 1948 against sickness, disablement, death due to employment injury, maternity benefit, and to provide medical care to insured persons and their families.



Along with the reduction in the contribution amount, it was also announced that the income limit for availing medical benefit for dependent parents of an insured person covered under the scheme has been enhanced from Rs 5,000 per month from all sources to Rs 9,000 per month.

These decisions were taken to improve the medical service delivery in the states. It was also decided that Employees' State Insurance Corporation (ESIC) will bear 1/8th share of the expenditure which was earlier borne by the states. Till now, ESIC used to bear a 7/8th share of expenses of ESI scheme. With this decision, ESIC will bear the full cost of the

scheme in the prescribed ceiling of the per insured person (IP) expenditure for a period of three years beginning 2019-20.

New hospitals to get constructed

ESIC will acquire an additional land of 10.56 acres abutting already allotted land of 8.58 acre at Sheelanagar, Visakhapatnam. On this land, 500 bedded ESIC Model Hospitals with Super Specialties will be constructed.

To bridge the gap in indoor health care facilities, in principle approval to Report of Sub-Committee on reconsideration of policy for up-gradation of ESI Dispensary into 30 bedded ESI hospital was accorded. Now, 30 bedded ESI hospitals will be established in plain areas with an IP population of 20,000 and in hilly areas with an IP population of 15,000. Earlier, ESIC was setting up hospitals only in such areas where minimum IP population was 50,000. This decision will provide indoor facilities to IPs/beneficiaries in several under-served implemented areas under the ESI Scheme.

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Source

Awareness of Ayushman Bharat scheme still low in TN - The Hindu Business Line - 27th February 2019

Ahead of her visit to Billroth private hospital in Chennai for coronary artery bypass grafting (CABG), Girija had no clue to the Chief Minister's Comprehensive Health Insurance Scheme (CMCHIS), which had been running in the State for more than seven years.

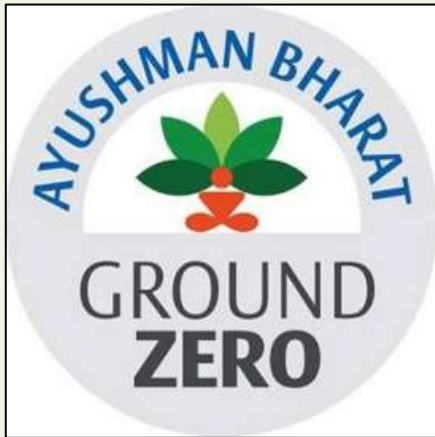
The treatment that carries a package cost of Rs 92,500 was done free of cost for her at the hospital, with the health insurance scheme making payments to the hospital. The card, issued in Girija's husband's name many years ago, had never been used in the past.

In fact, after her husband's demise, she wasn't even sure if the card could be used at all. Charulatha's mother, who approached the Government Kilpauk Medical College, in Chennai, for treating her daughter's severe bronchiolitis and pneumonia, was also unaware of the health scheme in the State.

All she had was the letter issued by the Centre carrying the name of the scheme (PMJAY), with Prime Minister Narendra Modi's picture and lotus logo of the scheme in the regional language. Many patients who visit hospitals in Chennai and Kanchipuram have little or no knowledge of the scheme. Though many had the card with them, it remained unused for many years and, hence, were unaware of the benefits.

Now, the State's CMCHIS health scheme has been integrated with the Centre's Ayushman Bharat (Pradhan Mantri Jan Arogya Yojana - PMJAY), which offers a cover of up to Rs 5 lakh (up from Rs 1-2 lakh earlier). The letter issued by the Centre to beneficiaries across the State has helped create awareness, or at least has succeeded in getting people to take note of a scheme.

But more needs to be done. “The overall utilisation has been 3-4 per cent over the past few years – that is, of the 1.4 crore families – about six lakh have been availing benefits under the CMCHIS,” says TS Selvavinayagam, Additional Director of Public Health and Preventive Medicine. “This is usually the norm across most States that have a health scheme, as not all will avail the benefits in a year. Nonetheless, we are actively looking to increase awareness in the State,” adds Selvavinayagam.



What is the scheme?

The State’s CMCHIS offered a coverage of Rs 1 lakh to Rs 2 lakh for specified procedures for those with an annual income of less than Rs 72,000. The 1.4 crore families that were under the scheme could be treated free of cost in any hospital (both government and private). Ayushman, which piggybacks on the existing CMCHIS scheme, offers a higher coverage of up to Rs 5 lakh. Of course, the procedure needs

to be covered and the hospital has to be empanelled.

But with the integrated PMJAY-CMCHIS covering about 1,400 procedures and 2,100 hospitals empanelled under the scheme (of which about 1,100 are government and the balance private, according to the PMJAY website), the wide coverage is a key positive for patients in the State. A beneficiary can produce the CMCHIS card to claim benefits under Ayushman. On the CMCHIS website under the beneficiary/member ID tab, a person can check his/her eligibility using either the URN number mentioned on the CMCHIS card or ration card number (if card is not available).

If one does not have a card, he/she needs to get enrolled by obtaining income certificate for the family from the VAO (Village Administrative Officer). The family head/member should carry the original ration card with Xerox copy, along with income certificate to the district kiosk (at the District Collector’s office).

After verification of the documents, the person will be enrolled by capturing the demographic and biometric details. The e-card is then generated and issued to the beneficiary. In many other States, there are common service centres (CSCs) set up to help the beneficiary identify his/her name in the database and print the Ayushman Scheme card. In Tamil Nadu, since the card is issued only at the District Collector’s office, there are challenges in some of the districts.

In Chengalpattu Medical College Hospital, of Kancheepuram district, since the District Collector’s office is an hour away, patients find it difficult to get the card made in certain critical situations. Of course, in emergency cases, there is a provision for hospitals to proceed with pre-authorisation without the card, which, when issued, can be subsequently submitted. “Since the number of enrollment in most of the district kiosks are in single-digit, CSC opening may not help. The issue is the availability of card at the moment of need, which is being addressed through e-card,” says Selvavinayagam.

[TOP](#)

Source

Health insurance: Call for plain vanilla product to attract youngsters – Financial Express – 26th February 2019

In order to make health insurance policies simple, the insurance regulator has issued draft norms for standard health insurance products. The standard product will have the basic mandatory covers and will be uniform across the market. The standard product will be offered on indemnity basis only and will have no additional add-ons or optional covers. Standard products cannot be combined with critical illness covers or benefit based covers.

The standard product, which will have to be offered by all general and health insurers, will incentivise young policy holders and will have standard exclusions as specified by the regulator. The Insurance Regulatory and Development Authority of India (Irdai) has advised that the standard product must be

priced in such a manner that it will incentivise young customers to buy health insurance at an early age and ensure continued renewals.

Will cover Ayurveda, Unani



The minimum basic sum insured under the basic cover will be Rs 50,000 and the maximum limit will be Rs 10 lakh. Standard product will be offered on family floater also. The basic standard policy will cover expenses incurred on treatment under Ayurveda, Unani, Sidha and homeopathy system of medicines subject to fixed and standard sub-limits based on the sum insured.

The minimum entry age for the principal insured has been kept at 18 years and the maximum age for entry is 65 years. There is no exit age once the proposal is accepted, provided

the policy is continuously renewed without any breaks. A policy can be renewed for life. Dependent children will be covered from age 0 to 25 years. Currently, a health insurance policy can be either individual or floater, and one can increase the sum insured at the time of renewal.

At present, buying a health cover can be tricky as there are multiple products in the market. The terms and conditions of pre- and post-hospitalisation offerings, no-claim bonus and waiting period for specified ailments also vary from company to company. Then a policyholder will have to look at the treatment-wise limit for amounts one can claim. If the claim amount exceeds the amount set by the insurer, one has to pay the balance despite having a higher overall sum insured.

Hospitalisation expenses

The draft exposure has underlined that hospitalisation expenses will cover room, nursing, surgeon, consultants, specialists, anaesthesia, blood, medicines, operation theatre charges, cost towards diagnostics, etc. Expenses on hospitalisation for a minimum of 24 hours only will be admissible. However, the time limit of 24 hours will not apply when the treatment does not require hospitalisation as specified in the terms and conditions of policy contract.

Pre-hospitalisation medical expenses incurred for a period not less than 30 days prior to the date of hospitalisation will be admissible. Post-hospitalisation, medical expenses incurred for a period of not less than 60 days from the date of discharge from hospital towards consultant fees, diagnostic charges, medicines can be claimed. The draft exposure has also mentioned wellness features such as health check-ups and consultation services, disease management, fitness activities, outpatient consultations or treatments be made available to all the insured.

Cumulative bonus

The sum insured will be increased by 5% for every claim-free policy period provided the policy is continuously renewed without a break subject to maximum of 50% of the sum insured under the current policy period. No deductible features are permitted under the base cover. Add-on or optional covers will not be allowed with the standard policy.

At present, while buying a health insurance policy, one must ensure that the cumulative bonus is stated explicitly in the prospectus and even in the policy document. A policyholder must look at the product information on the company's website, which will include a description of the product, clauses and premium rates inclusive and exclusive of the service tax payable. If the policyholder has made a claim in the policy year, the insurer cannot load any charges on an individual insurance policy at the time of renewal.

Ashish Mehrotra, MD & CEO of Max Bupa Health Insurance says, standardised products across health insurers will encourage customers to buy health insurance as the products will be much simpler to comprehend, enable them to analyse the products better and choose what's right for them based on their need. "Irdai has mandated various covers in the standard product including hospitalisation expenses,

Ayush Treatment, pre and post hospitalisation, wellness incentives, standard co-pay and a cumulative bonus which is commendable as it will play a huge role in drawing a new set of audience towards health insurance,” he says.

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Source

PMJAY will not cover cataract ops, dialysis and normal deliveries - The Indian Express - 26th February 2019



IN THE first trimming of the Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana since its launch, the National Health Authority (NHA) is planning to remove procedures covered under existing national programmes from the list of packages approved for reimbursement under PMJAY. This means procedures like cataract surgeries, dialysis and normal deliveries will not be covered by the flagship health scheme.

Advertising

“PMJAY has just completed 150 days and our learning is that there is a need to streamline packages, so that there is no duplication. Procedures or diseases for which there is already

an existing national programme, do not need to be covered under our packages. We are looking at the packages and will trim them so that there is no overlap,” NHA CEO Dr Indu Bhushan told The Indian Express.

Cataract surgeries have topped the list of claims submitted under PMJAY. In the first three months of PMJAY — until November 24, 2018 — 6,900 claims had been submitted for cataract surgeries even though they are done for free under the National Blindness Control Programme (NBCP). In 2017-18 alone, 15,91,977 surgeries were performed under NBCP, which dates back to 1976. While the NHA is planning to leave out normal deliveries from the ambit of PMJAY because there are a host of national programmes for mother and child health, high-risk deliveries will continue to be covered. The Pradhan Mantri National Dialysis Programme was rolled out in 2016 under which dialysis is already provided free of cost.

Diseases for which there are existing national programmes and for which treatment is reimbursed under PMJAY for specified rates include tuberculosis, chronic kidney disease (dialysis), leprosy, malaria, HIV-AIDS and mental health disorders. For many diseases like malaria, where surgeries are not established protocol for treatment, PMJAY approves a daily hospitalisation cost of Rs 2,000.

The NHA is also in talks with the National Pharmaceutical Pricing Authority (NPPA) to negotiate special rates for implants or other devices that are used under PMJAY to further bring down costs. While the board of the newly constituted health authority is yet to have its first meeting, the NHA with more than 1.5 crore cards already issued is looking at ways to ensure quality of services in hospitals that are empanelled under the programme.

Working with the Department of Health Research (DHR), NHA has fallen back on the standard treatment guidelines (STGs) that were prepared mostly during the UPA rule for the implementation of the Clinical Establishments Act (CEA). The Act was designed to be the instrument of regulation for the private sector in healthcare but with most states choosing to go with their own Acts rather than adopt the central act, the STGs fell between the governance cracks.

“We are looking at those STGs with the DHR. We will probably make some changes in them but we are committed to ensuring quality. There is also a lot of work we need to do for raising awareness about the scheme especially in states like Uttar Pradesh and Bihar which were late entrants into the scheme,” Bhushan said.

Source

[TOP](#)

A smooth sailing for Ayushman Bharat scheme in TN - The Hindu Business Line - 26th February 2019



As I bump into Gayathri, one of the liaison officers at the Government Kilpauk Medical College, she explains to me that she has just returned after verifying a patient physically – one of the many checks she is mandated to do.

She, along with four others in the department, check the eligibility of the beneficiaries, and verify and upload details in the system. Once that is done, ward managers collect, scan and upload all necessary medical documents required for submitting a claim request.

Tamil Nadu, which has been running the Chief Minister's Comprehensive Health Insurance Scheme (CMCHIS) for over seven years before the Centre's Ayushman Bharat (Pradhan Mantri Jan Arogya Yojana) was announced, still uses the existing back-end systems to process claims after the State scheme was integrated with Ayushman. The writer visited hospitals (government and private) in the State to review the integration of CMCHIS with Ayushman.

While the existing systems have smoothed the integration process for patients in the State under PMJAY-CMCHIS, those from outside the State have been witnessing teething issues.

Data / system flow

Ayushman uses the deprivation conditions in SECC (Socio Economic and Caste Census) as eligibility criteria. In other words, it provides cover to deprived rural families, and has identified occupational categories of urban workers' families, as per the latest SECC 2011 data. But given that the data is outdated and has gaps, many greenfield States (that have had no health insurance scheme in the past) have found it challenging to work with the SECC data. For instance, in Bihar, (where the writer visited earlier), officials have been suggesting the use of the NFSA data (National Food Security Act), which would be more reliable. In Jharkhand, the PDS (public distribution system) is being used, which has eased up the process of beneficiary identification.

In Tamil Nadu, while 77 lakh beneficiaries must be covered under Ayushman as per SECC data, the State covers close to 1.47 crore families up to Rs 5 lakh, as it considers beneficiaries under its earlier CMCHIS – people with an annual income of less than Rs 72,000. "This has enabled smooth implementation of the scheme as a beneficiary can produce the CMCHIS card to claim benefits under Ayushman," explains Sainath Iyer, General Manager of MDIndia, one of the three TPAs facilitating the scheme's implementation.

P Vasanthamani, Dean at Kilpauk Medical College, says "the CMCHIS scheme has been running smoothly over the last several years. Hence, integrating Ayushman has not been an issue. But since under Ayushman, people from other States can also come and get treated free of cost, we need to see how the system works. It is still early days."

"Currently Tamil Nadu is using its existing systems to process claims for people within the State. Beneficiary Identification System (BIS) is required mainly when people are coming in from other States," explains Dhakshinamoorthy, Deputy Project Head, MDIndia TPA.

Portable cases

Portability is allowed under Ayushman, where a person from one State can get treated in another State. As many States lack internal capacities for higher sophisticated procedures, there could be large number of beneficiaries coming to Tamil Nadu. There are some challenges here.

In a particular case as cited by Dhakshinamoorthy, the writer saw the system throw up 323 results, for a particular name and district in Assam. The initial beneficiary search, hence, took a day or so for this patient coming from Assam for treatment. The BIS search needs to throw up less than 5 results to help

narrow down to the actual beneficiary, which, in some cases, may be difficult. Even if this is done, reaching out to the respective State Health Agency (SHA) for claim approval may take time and delay the process. Currently, for cases within the State, the claims are settled within 7 days of the final submission (as under CMCHIS).

There has not been a single case of patients from other States coming for treatment at Billroth, a private hospital in Chennai, Chengalpattu Government Hospital, and SRM Medical College in Kanchipuram, which the writer visited. Hence, there is some uncertainty over how the process will pan out in the case of patients seeking treatment from other States.

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Source

Digital interventions have huge potential for supporting universal health coverage: Nadda - The Times of India - 26th February 2019



Digital interventions have a huge potential for supporting universal health coverage, to which the government is committed, Union Health Minister J P Nadda said Monday. Speaking at the inauguration of the 4th Global Digital Health Partnership Summit here, Nadda said the entire healthcare system in India and the world was undergoing a rapid transformation.

"The way we know of healthcare being delivered and accessed is poised to change for better. Digital health interventions are accelerating this transformation. It has a huge potential for supporting universal health coverage (UHC) for which the Government of India is committed," he said.

Union Minister of Law and Justice and Electronics and Information Technology Ravi Shankar Prasad and health ministers from several countries attended the event. Prasad spoke about the use of technological innovations in transforming healthcare and highlighted various initiatives of the government towards digital healthcare. He said that India is committed to reaching the last man in the line through digital health interventions and digital inclusion. "Digital governance is good governance and bridging a digital divide must be achieved through technology that is low cost," he added.

Nadda said India under the leadership of Prime Minister Narendra Modi was committed to securing universal health coverage with the twin pillars of health and well-ness centres at primary and secondary levels of healthcare and Ayushman Bharat Yojana or PM-Jan Aarogya Yojana (PMJAY) at the tertiary level. "I am happy to share that after the roll-out of 'Modicare' (Ayushman Bharat), in merely 155 days, nearly 1.3 million people have availed the benefits of more than Rs 16 billion under this scheme," he said.

Nadda said Ayushman Bharat is primarily dependent on maximising the use of digital tools for effective implementation and monitoring. The scheme is completely digital wherein all the processes from beneficiary identification to hospital empanelment and settlement of claims are done electronically. Hence all the benefits of the scheme are delivered in a mode that is cashless, paperless and completely transparent for all stakeholders, he said.

He said India took the world stage at the 71st World Health Assembly in Geneva, Switzerland by successfully introducing and unanimous adoption of the Resolution on Digital Health.

This resolution highlighted global attention to the potential, challenges and opportunities of digital health interventions and the need for closer collaboration on the issue globally for countries achieving health-related Sustainable Development Goal (SDG) targets as well as the World Health Organization's implementation of 13th General Program of Work.

He said that the Health Ministry is in the process of establishing an Integrated Health Information Platform for inter-operability amongst various health IT systems and a pan-India exchange of electronic health records of citizens ensuring privacy, security, and confidentiality of data.

The same is to be supplemented by a pan-Indian network of disease surveillance, tele-medicine and tele-radiology and tele-education, he said. The global intergovernmental meeting on digital health is being hosted by the Ministry of Health, in collaboration with the WHO and the Global Digital Health Partnership (GDHP).

The Ministerial Conclave discussed the implication of digital health interventions to health services accessibility, quality and affordability and explored ways of leveraging digital health technologies to strengthen the healthcare delivery systems globally. The Global Digital Health Partnership (GDHP) is an international collaboration of governments, government agencies and multinational organizations dedicated to improving the health and well-being of their citizens through the best use of evidence-based digital technologies.

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Source

Bengal to include 1 crore extra people in health scheme – The Telegraph – 25th February 2019



The Mamata Banerjee government has opted out of a central scheme to pay doles to farmers and decided to extend the ambit of the state's health plan to include around 1 crore more beneficiaries. The twin decisions show the ruling party in Bengal will not give the BJP a chance to offer doles to people in the state before the 2019 Lok Sabha polls.

Sources at Nabanna said the scope of the Swasthya Sathi scheme launched by the Bengal government was widened as the state had withdrawn from the Centre's Ayushman Bharat. "Swasthya Sathi — a health insurance scheme for unorganised sector — will now be extended to nearly 1 crore financially weak people, who were included in the list of Ayushman Bharat, a similar scheme launched by the Centre," said a senior government official.

Swasthya Sathi is a solely state-sponsored health insurance scheme under which a beneficiary can claim Rs 1.5 lakh in case of common illness and Rs 5 lakh for serious illness. A total of three crore beneficiaries from the unorganised sectors like civic volunteers, film technicians, sportsmen and casual workers were included in the scheme.

The Narendra Modi government's Ayushman Bharat is a similar scheme. It had been decided that all beneficiaries of Swasthya Sathi would be brought under the central plan, besides another 1 crore poor people. After the state withdrew from the central scheme, fate of 1 crore beneficiaries was hanging in balance.

The state has also decided to opt out of PM Kisan (Kisan Samman Nidhi), which offered Rs 6,000 annually to farmers with less than two acres. In Bengal, primary estimates suggest around 40 lakh farmers could have qualified for the central doles even though the state launched a similar scheme of giving Rs 5,000 for an acre annually to nearly 72 lakh farmers.

Sources at Nabanna said the top brass of the government made it clear that as the state could offer similar facilities for the people of Bengal, there was no need to participate in central schemes. "It seems the chief minister does not want the BJP to offer benefits to people in Bengal ahead of the Lok Sabha

polls. The ruling party in Bengal has reaped benefits of creating beneficiaries with a series of such programmes since assuming power in 2011," a bureaucrat said.

But the decisions to pull out of the central schemes will strain the state exchequer, an officer said. According to him, the state will have to shoulder a burden of additional Rs 250 crore to include 1 crore additional beneficiaries in the Swasthya Sathi scheme over and above Rs 750 crore that it had planned to pay as premium for three crore people.

"As the state opted out of the central scheme, it had to shoulder the burden of 1 crore beneficiaries, who could have included in the central scheme, to avoid uncomfortable questions from them," said a health department official. The sources apprehended that struggling state coffers could have to shoulder another burden after the state government decided to opt out of the PM-Kisan scheme.

"It is emerging that nearly 40 lakh poor farmers could have been benefited from the central scheme as there is no bar on receiving grant from both the schemes. I won't be surprised if compensatory package is announced for those who missed out on the benefits of the central scheme," said an official.

The sources said the battle of reaching out to people with doles between the state and the Centre could lead to stress on the Centre-state relationship in future. "If the Centre wants to reach out to poor farmers, it could do so by collecting details of those who took loans from banks and transfer money directly to their accounts," said a Nabanna official.

"If this happens, the relationship between the state and the centre will be strained further as the state cannot prevent the transfer," added the official. "The problem Bengal could face in future is that the Centre starts planning development projects keeping Bengal out of consideration citing it did not extend cooperation in similar schemes in the past. It is better that the state reconsiders its decisions."

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Source

Madurai: 'Private hospitals do not create awareness about health insurance scheme' - The Economic Times - 24th February 2019



Public aren't informed properly about chief minister's Comprehensive Health Insurance Scheme (CMCHS) at some private hospitals in Madurai when they go for treatment, claimed healthcare professionals in the city on Saturday. The experts also said that communication gap between the doctors/ healthcare professionals and patients was still an issue and it was the main reason for some medico-legal issues.

The healthcare professionals were speaking about this during the sidelines of a national colloquium 'Yuva '19' on 'innovations in hospital administration' organised by

ANT Educational Medical and Social Welfare Trust and Madurai Kamaraj University. The guest speakers of the event predominantly focussed on two aspects – the clarity about health insurance among the public and about how good communication between a patient and a doctor could be improved for effective treatment – claiming that these were the two areas that needed to be bettered.

Chairman of ANT Educational Medical and Social Welfare Trust T Jayarajsekar claimed that in some occasions, CMCHS scheme didn't reach the beneficiaries properly because certain hospitals in the city didn't explain about the same to the patients. "CMCHS is a very good initiative, but some hospitals don't tell patients about the scheme. We've witnessed incidents, where the patients have had to pay for some amount for surgery despite the insurance scheme covering the expenses, was a possibility," he told TOI.

Meanwhile, Krishna Kumar, a chief operating officer (COO) of a private hospital said that healthcare professionals and doctors should be trained in such a way that they were all in the same page when it comes to communicating with patients. "All the staff of a hospital - including doctors - must get training properly so that a patient while getting treatment has clarity on his/ her particular condition and the treatment procedure. Gaps in communication now and again lead to medicolegal issues," he said.

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Source

Health Insurance: Increasing the sum insured of your basic policy? Opt for these more cost-effective options - Financial Express – 23rd February 2019



With the steep rise in medical costs, most often than not low sum assured health insurances policies fail to meet the medical expenses of policyholders. In case of major accidents or diseases, corporate medical insurances also do not cover the entire expense. Hence, experts suggest policyholders with low sum assured and employees depending only on their corporate medical insurances should opt for an additional cover.

Depending on one's requirement, one can either opt for a basic health plan, a top-up plan or a super top-up plan. If you hold a health insurance policy with a low sum assured, it's not necessary that you enhance your sum assured, instead you can opt for more cost-effective options like top-up and super top-up covers. They are available for both individual and family floaters.

Before opting for either of the options, know how these plans differ and what suits you the best:

1. Top-ups and super top-ups serve the purpose of complementing and supplementing an existing employer's group health policy or individual policy. Corporate health insurance cover comes with various limitations and restrictions, such as co-payments, and their coverage also varies from year to year. Experts suggest that opting for a basic health cover and complementing it with a top plan is an ideal way to avoid the rising health care costs and paying from your own pocket.
2. Once you have exhausted the sum insured on your basic health insurance policy, a top-up cover comes into play. For a top-up policy, you need to choose a deductible while buying the policy. Deductibility is the amount that the policyholder pays from their own pocket, or their basic health policy pays for it before the top-up cover activates. Top-up policies only pay for the amount above the deductible limit.
3. Super top-up plans, on the other hand, offer a better deal when compared to top-up plans. A top-up plan will only get activated when a single claim amount exceeds the deductible amount. For instance, your top-up cover has a deductible of Rs 150,000. In a year, you produce two hospitalization bills of Rs 1 lakh and Rs. 120,000. In such a scenario, the top-up plan will not get activated. You would have to produce a single bill of Rs 220,000 to activate your top-up plan, only then you will be reimbursed for the extra Rs 70,000.
4. In case of a super top-up plan, policyholders do not need to face that same problem. With a super top-up plan, two separate bills are considered as one expense. For instance, if you produce two hospitalization bills of Rs 1 lakh and Rs 120,000, a total of Rs 220,000 in a year, the super top-up policy will get activated and will reimburse you for Rs 70,000.
5. Unlike top-up plans, which have limited cover for pre and post-hospitalization expenses, super top-up plans provide coverage for both pre and post-hospitalization expenses, along with pre-existing diseases (with a waiting period) and day care procedures. The premiums paid for super top-up plans are also eligible for income tax deduction u/s 80D.

6. Enhancing your basic policy is an expensive approach as compared to buying a top-up or super top-up plan. The premiums of top-up and super top-up plans are also lower than basic health covers because they come with higher deductibility.

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Source

Over 12 lakh people availed free treatment under scheme: Ayushman Bharat CEO - Deccan Chronicle - 22nd February 2019



Over 12 lakh people have received free treatment under the Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana, while around two crore beneficiary e-cards have been issued since its launch in September last year, Dr Indu Bhushan, the CEO of Ayushman Bharat said Friday.

At least 15,000 hospitals have so far been empanelled under the scheme out of which, 15 per cent are private hospitals, he said, urging more healthcare establishments to join the movement.

"For the first time in the history of independent India, health sector has become a political commitment. The government of India has shown its commitment towards strengthening the healthcare eco-system in the country by increasing the investments to 2.5 per cent," Bhushan said in a conference at the 25th edition of Medical Fair India (MFI) 2019 held in Delhi.

"The Ayushman Bharat has received tremendous response in the initial phases. We have completed 150 days and have issued two crore cards. We will be completing five months tomorrow," he said.

He said 15,000 hospitals have joined the movement of which, 15 per cent are private hospitals. "The future of this movement lies in a good integration between the private and public health care entities. I urge all entities to join in and make the change happen," Bhushan added.

Over 600 plus global medical device manufacturers, industry bodies and association, healthcare experts, and policy makers from over 25 countries are participating in the three-day medical trade show. The MFI is organised by Messe Dusseldorf India, a fully owned subsidiary of Messe Dsseldorf GmbH.

Addressing the healthcare industry, Minister of State for Health Anupriya Patel said healthcare has become one of the India's largest sectors -- both in terms of revenues and employment.

She said in the rapidly changing healthcare environment, it is very important for the suppliers of medical and hospital equipments, surgical diagnostics instruments and rehabilitation to find a common platform to interact with each other and with members of the healthcare delivery industry. "Building these platforms of partnership is essential for creating a strong backbone for the healthcare sector in the country to reach international standards rapidly," Patel added.

Source

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Planning to take a global health insurance policy? Keep these things in mind - Financial Express - 22nd February 2019

Every year many Indians go abroad for medical treatment, especially to get superior treatment for life-threatening diseases such as cancer. The cost for these treatments is much higher than what is charged in India. Not only the cost of treatment, but other things and expenses such as the dollar-rupee exchange rate and the cost of travel, accommodation, and food also need to be considered.

Normally, the general health insurance policies in India don't provide cover for medical treatment abroad. Policyholders can only make claims for treatments availed in India. However, few insurers, such

as Max Bupa, Royal Sundaram, Cigna TTK, and Religare HealthCare, offer policies that cover medical treatment abroad.



Last year state-owned general insurer, New India Assurance, launched a global mediclaim policy, New India Global Mediclaim Policy, that provides cover for treatments abroad — treatments such as neurosurgery, heart surgery, organ transplant, bone marrow transplant, and cancer.

Policyholders aged between 18 and 65 years can opt for this policy and the policy covers hospitalization expenses incurred by the policyholder.

The policy comes in two variants, one provides cover for hospitalization in Asian countries while the other provides

cover for treatment worldwide. Other insurance companies like Apollo Munich offer additional riders and add-on covers for treatment overseas.

However, these policies vary depending on the insurance provider. For instance, most of these policies do not pay for each and every treatment or treatment-related cost incurred on a treatment overseas. Broadly, there are three types of plans differentiated upon the coverage of the treatment they provide.

If you are also planning to opt for such a policy, here are some things to keep in mind:

- For international coverage, most of these plans have specified sum insured and certain illness listed. The full benefits of these plans are typically available in higher sum assured values which also come with a higher premium.
- Before opting for a policy, policyholders should also find out which countries are covered under that policy. Generally, treatment in Canada and the US are excluded from all health insurance plans. However, you can opt for them by paying a higher premium as compared to other countries
- Industry experts suggest policyholders must choose a coverage amount that is adequate, given the high cost of treatment abroad. Know that health insurance policies covering international treatments also include coverage in the home country.
- Some insurance providers also offer critical illness plans extensively for international treatment. However, policyholders should be aware that these policies are limited to critical illnesses only. For instance, Lifeline Elite plan by Royal Sundaram offers international health policy covering 11 specified critical illnesses (excluding the US and Canada) with co-payment of 20 per cent on all claims.
- Though cashless option is available in some plans, most of these insurance companies offer claim settlement by way of reimbursements only as it becomes difficult for a domestic insurance company to maintain such a global network of hospitals. Experts suggest unless there is an emergency, policyholders should also let the insurer know in advance and give proper notice before traveling abroad.
- Policyholders should know that emergency medical treatment included in a travel insurance policy is absolutely different from international health insurance cover. For instance, the standard travel insurance will not cover you, if you are traveling abroad for the purpose of planned medical treatment. You will need a proper health insurance policy for such treatment.



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CROP INSURANCE

Drought-hit farmers at the receiving end as SBI, IFFCO Tokio continue to pass the buck - The Hindu Business Line – 22nd February 2019



Following an article in these columns (When Cover for Farmers Came a Cropper, published in BusinessLine, on February 18), where the problem of 140-odd farmers in Maharashtra's Jalna district under PMFBY (Pradhan Mantri Fasal Bima Yojana) was highlighted, the bank involved – SBI, and the crop insurance company, IFFCO Tokio – have responded to the newspaper. But again, the two are only blaming each other.

Effects of drought

After a visit to Jalna district in Aurnagabad, the writer brought to light that 146 farmers in who lost the crops due to drought have not received the insurance settlement for the kharif season 2017. While the banker told farmers that their premium and details was sent to the insurance company, the latter declined receipt of farmer details.

SBI response

In a letter to the paper on Thursday, SBI's Assistant General Manager, Badnapur branch, said: "We confirm that premium of Rs 4,70,595 was remitted on November 6, 2017, for pomegranate and sweet lime, and another Rs 5,06,150 was remitted on November 30, 2017, for mango, well within the time line, along with all necessary documents. There is no delay on the part of the bank, in either remitting the premium or submission of list of documents to the insurance company."

"The NEFT/RTGS reference and acknowledgement clearly shows receipt of premium amount by the company. Now, in e-mail dated February 6, 2019, insurance company states that the company generally received thousands of such amounts and they cannot be expected to reconcile or account for such amounts with the actual list. This is clear abdication of responsibility and sheer negligence. We are sorry to note that IFFCO Tokio neither sends its representative, nor do we receive any communication from them despite our follow-up."

IFFCO Tokio response

IFFCO Tokio, when asked to reply to the charges by SBI, said: "IFFCO Tokio has not received any list of farmers and related documents other than the premium amount from the concerned SBI Bank branch at Badnapur."

"In the communication sent to all banks and Lead District Managers (LDM) on October 4, 2017, by us, we clearly highlighted the features of the State government notification, provision of the scheme and guidelines. The banks were also clearly informed that they have to submit all mandatory documents of farmers, along with the premium amount before the cut-off date of respective crops. If there is a breach, then the banks or financial institutions are liable as per the operational guidelines, and the same was highlighted in the letter. IFFCO Tokio General Insurance had sent several reminders to the concerned SBI branch to adhere to the operational guidelines at the earliest."

"In our letter dated February 6, 2019, to the concerned bank branch, including LDM and district authorities, we have indicated non-receipt of the list of farmers, along with details such as name of farmer, crop, area covered and risk location and the mandatory annexure that is required as per the State government notification within the stipulated dates – November 20, 2017, for pomegranate and sweet orange – and January 18, 2018, for mango. The concerned bank branch has failed to provide any such documents within the stipulated time nor uploaded the same in the national crop insurance portal."

“We want to bring to your notice that IFFCO Tokio has received premium amounts along with list of farmers data from other SBI branches namely Ambad branch, Jalna branch, Partur branch, Wadi Godri, and RP branches in Jalna district, as well as other bank branches. IFFCO Tokio has processed claims of over 129 eligible beneficiary farmers worth Rs 37 lakh of these SBI branches of Jalna district. Moreover, IFFCO Tokio has processed claims worth Rs 74 crore to over 17,000 eligible farmers across Maharashtra for the same season, as per the terms and conditions of the notification issued by the State government.”

“Hence, there is no wilful intention of denying the claim to any eligible farmers whose details were received within the stipulated time.”

Now, this brings us back to square one. SBI is not ceding and the insurer, too, has washed its hands off. It is time that the CMO of Maharashtra takes a look at this issue as it concerns the livelihood of 146 farmers.

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Source

MOTOR INSURANCE

Don't want your car insurance premium to increase? Avoid doing these 5 things - Financial Express - 27th February 2019



Since last year, the Insurance Regulatory and Development Authority (Irdai) has introduced new rules and regulations portraying the need for buying a motor insurance policy. It has now become imperative to have a motor insurance policy with your vehicle. However, the premium might vary. For instance, the premium for which you buy the insurance plan today might not be the same in the following year. Various factors affect the premium of the policy. Hence, while renewal, most end up paying a higher premium.

Though all insurance companies follow a different process for calculating car insurance premium, but, you

can stay clear of a few standard things to avoid an increase in premium.

If you are planning to take a vehicle insurance policy, these are the 5 things that will help you with a lower premium:

Avoid lapse of a policy

In case you miss the deadline for your policy renewal, insurance companies generally inspect the vehicle. Most times insurance companies charge a higher premium through this inspection. Hence, avoid lapsing your policy. Policyholders also lose their no-claim bonus completely if the policy lapses for more than 90 days.

Insured Declared Value (IDV)

The insured declared value (IDV) and the premium the policyholder pays is determined at the time of renewal, which depends on the age of the vehicle. Hence, experts suggest one should set the correct 'vehicle value' on which the policy is bought. Insured declared value is calculated based on the years of use, and depreciation which is applied to the ex-showroom price for vehicles up to five years old. For vehicles older than 5 years, their market value is taken as the IDV.

No-claim Bonus (NCB)

Policyholders get NCB in case they don't make small claims for minor accidents under their policy. Though NCB varies from company to company it can go as high as 50 per cent for 5 claim-free years. However, if policyholders make a claim, the no-claim bonus is reset to zero which again leads to paying a

higher insurance premium. Hence, experts suggest one should drive safely to avoid paying the higher insurance premium.

Add-ons

Apart from the basic cover, policyholders can opt for relevant add-ons. For instance, add-ons like engine protect zero depreciation that helps the insured avoid paying a higher premium in the long run. However, add-on riders increase the premium too when added to a regular motor cover. Experts suggest policyholders should evaluate and take a call basis their needs while opting for these add-ons.

Buy online

One can also opt to buy a policy online. If policyholders know the product well that they are buying, or are comfortable in understanding the product, they can also buy the policy online from the insurer's website, as most companies offer competitive prices on their own website.

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Source

'Lack of reminders and forgetfulness leading to lapsing of motor policies' - The Hindu Business Line - 27th February 2019



When it comes to renewing car insurance policies, it seems that absentmindedness and sheer forgetfulness are the main culprits for policies getting lapsed.

Survey conducted

This is one of the key findings of a survey by COCO by DHFL General Insurance on customer behaviour when it comes to purchasing motor insurance. The survey was conducted in Mumbai, Delhi and Bengaluru, among 1,025 respondents. Of these, 75 per cent had an active motor insurance, while

the balance 25 per cent had lapsed policies.

Among those with lapsed policies, the survey found that 36 per cent of them blamed their insurance company for not reminding them about the renewal, while 23 per cent blamed insurance agents for not sending a reminder. "Four in every 10 Mumbaikars claim to blame the insurance company the most, while three in every 10 Bangaloreans claim to blame the insurance company the least," said the report.

Nearly a fourth, or 26 per cent of those with lapsed policies, said they had simply forgotten to renew their insurance. The findings are significant given that while third-party motor insurance is mandatory by law, a large number of vehicle owners tend to let the policies lapse after the first year.

"Publicly available data claim that 70 per cent of two-wheelers in India are uninsured and 40 per cent four-wheelers," said a spokesperson of COCO by DHFL General Insurance. The survey also found that four out of every 10 people with lapsed insurance were caught by the police, with 43 per cent of the respondents from Delhi reporting such incidents.

However, seven in every 10 of the respondents claim that they did buy an insurance after being caught. The percentage of respondents is highest in Delhi, where nine in every 10 respondents claim that they bought an insurance after being caught, the survey noted.

Renewal process

The survey also found that the 'process to renew lapsed insurance is very tedious', and is the primary reason to not renew the insurance policy in spite of being caught by the police.

On the brighter side, respondents who chose to renew their motor insurance attributed it to legal requirements and concern for their vehicles.

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SURVEY & REPORTS

On a wing and a prayer: No insurance yet for majority of Indians – Financial Express – 1st March 2019

Most Indians are feeling an increased uncertainty in life because of various economic and other factors and the extent of increase in uncertainty in last one year is equal to the increase in the last four years. The top three uncertainties are related to child's education, family's financial wellbeing and retirement.

Close to half of the respondents in the Protection Survey 2018 conducted by Aditya Birla Sun Life Insurance have a false sense of financial preparedness as they have not invested in the most suitable financial products to best tackle specific uncertainties. About 84% urban Indians feel life is extremely uncertain. The survey shows worries among salaried rose by 6% in the last one year and for businessmen by 13%. Businessmen owing to their increased uncertainty, can be seen investing more in financial products leading to their increased preparedness.

The second annual Protection Survey 2018 was conducted among 2,061 people in the age group 25 to 50 across 13 cities.

Most are underinsured

The survey shows while people realise the importance of life insurance cover, most have opted for it but majority are severely underinsured. Although more than 4/5th of the consumers are aware of the amount required to protect their family against financial uncertainties, the extent of actual cover is very low at just 1.67 times of the annual income. Ideally, life cover to income should be 10 times the annual income.

Most respondents have been investing in incorrect financial products to tackle their biggest uncertainties. For instance, 41% with child's education as their major worry have not invested in any child insurance plan, 51% have not purchased any term plan. Pankaj Razdan, managing director and chief executive officer of Aditya Birla Sun Life Insurance and deputy chief executive, Aditya Birla Capital, says the survey is a real eye-opener as it reveals the preparedness of urban Indians towards protecting self and family.

Post-retirement uncertainties

Men show increasing uncertainty regarding life post retirement and women show higher increase in uncertainty regarding future value of money. Unusually, the biggest worry for women is the financial security of her family in case something happens to her, the survey revealed. While, more respondents with dual income feel that they are completely prepared to face any uncertainty in life (owing to high disposable income), a sharp increase towards preparedness was witnessed amongst single income respondents who have in turn started investing more in financial products. A significant increase in preparedness can be seen amongst women in 2018 vis-à-vis last year, this can be attributed to higher number of financial products that women have started investing in

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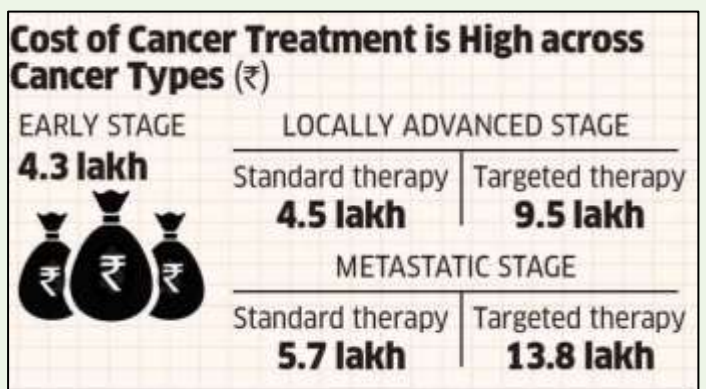
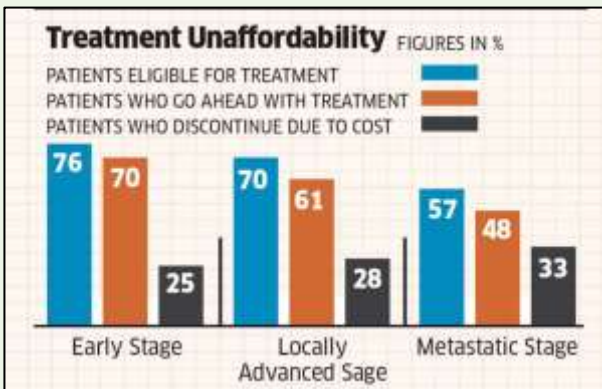
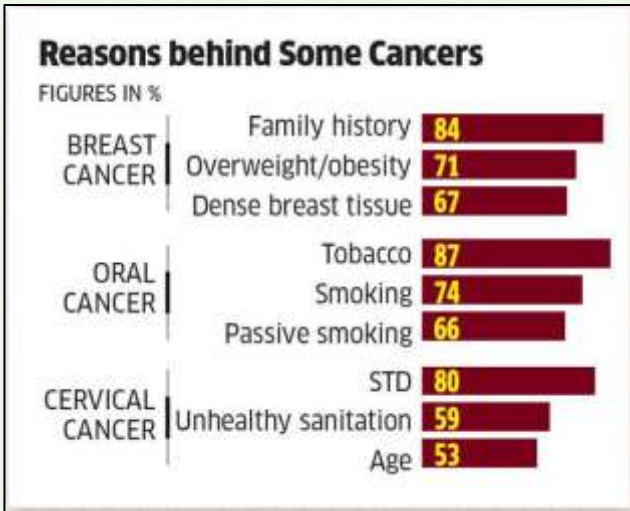
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33% metastatic stage cancer patients discontinue treatment due to cost: study - The Economic Times – 26th February 2019

Cancer incidence in the country is likely to increase by almost 25% over the next five years and the cost of treatment is a big issue.

These are the findings of a study, 'The Big C', by Edelweiss Tokio Life Insurance, in partnership with Ipsos Research, with 100 oncologists across 15 cities.

A separate study by the National Institute of Cancer Prevention and Research on Cancer shows that 11,57,294 lakh new cases are registered in India every year and 7,84,821 people died of it in 2018.



Source

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Protection not a priority? Only two out of 10 Indians have term insurance - The Financial express - 25th February 2019



Most Indians are grossly under-insured to face any financial instability. Only two out of 10 people have a term insurance policy, of which more than half do not have any awareness of the sum assured they are guaranteed on the policy. Two-thirds perceive term insurance is relevant only for the breadwinner of the family. These findings are from India Protection Quotient (IPQ), a survey done by Max Life Insurance and market research firm Kantar IMRB.

Lower protection, awareness

The IPQ, a three-dimensional metric to analyse level of life insurance awareness, ownership and mental preparedness around protection, is very low at 35. The study reveals that women are grossly under-protected in the country as only one-third save for future stability. In fact, the savings pattern of working women in metros are more focused on children's education and less on old age security.

Prashant Tripathy, managing director and chief executive officer of Max Life Insurance, says term insurance, despite being the most fundamental and cheapest form of financial protection, still lacks significant uptake in urban India. “There is a urgent need for Indians to understand the true value of protecting one’s family from the uncertainties of life,” he says.

The survey was done amongst 4,566 respondents of different demographics and age groups across 15 metros and tier 1 cities in the country. It found that a low uptake and lack of awareness of term insurance is contributing to an overwhelming number of people feeling under-protected.

Critical illness: The missing link

Most Indians are not prepared to fund expenses for critical illness as only 10% of term insurance policyholders have invested in a critical illness rider. Around 80% are not even aware of the costs of treatment for critical illness such as heart disease or cancer.

State-wise, the IPQ of Delhi is the highest at 46 and the lowest was in Ludhiana at 21. The Capital has the highest awareness of term insurance, Bhubaneshwar has the highest term insurance ownership across all metros and Vizag has the best conversion ratio between life insurance and term insurance. Also, with relatively higher life insurance awareness and ownership, South India feels savings will last longer than that of the rest of India.

Protection not a priority for millennials

Youngsters in the 25-35 age group spend more on luxury items, travel and half of them are not even thinking of protection of their families. However, those with children save for their education and marriage and the primary motivation to buy term insurance is to secure a financial amount for these aspirations in future.



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Sizeable segment of urban Indians have a false sense of financial preparedness - The Hindu Business Line - 24th February 2019



Almost 42 per cent of urban Indians have a false sense of financial preparedness, a new survey by life insurer Aditya Birla Sun Life Insurance reveals.

Close to half the people — 2,061 people were surveyed in the 25-50 age group across 13 cities — who were feeling prepared had a false notion and were investing in incorrect financial products to tackle their biggest uncertainties of life, the ‘Protection Survey 2018’ showed.

This is leading to their false sense of preparedness as other products are not suitable to completely beat their worries, it showed.

“The Protection Survey 2018 is a real eye-opener as it broadly reveals the preparedness of urban Indians across various segments of society towards protecting self and family,” Pankaj Razdan, MD and CEO, Aditya Birla Sun Life Insurance, said.

“The biggest worry is that there is right intent, but lack of financial awareness. While some are just worried and are not taking any measure, some have taken actions but not the appropriate ones.” He felt that every individual should take informed decisions and opt for adequate protection solutions and appropriate products. This will help them reduce uncertainty and fulfil their life goals.

Simply put, the financial products urban Indians are investing in are unsuitable to completely beat their worries. For instance, 41 per cent respondents with child’s education as their major worry haven’t

invested in any child insurance plan, 51 per cent have not purchased any term plan and have 'family's security if something happens to them' as their biggest uncertainty.

Over four-fifth of the respondents have some policy but were severely under-insured.

Although a staggering 83 per cent were aware of the amount needed to protect their family, the extent of actual cover was very low, a mere 1.67 times the annual income. As per research, the average life cover that an individual should ideally have is 7-10 times of one's annual income.

Source

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INTERVIEW

Mid-caps will perform when cost of funding comes down: Saibal Ghosh, Aegon Life – The Economic Times – 25th February 2019



Yields on long-term bonds will fall only if there are deeper interest rate cuts and liquidity infusion by the Reserve Bank of India along with uncompromising fiscal discipline by the government, said Saibal Ghosh, chief investment officer of Aegon Life. In an interview with Nishanth Vasudevan, Ghosh spoke about the ongoing stress in the bond market and outlook for mid-cap shares among other issues.

Edited excerpts:

The RBI recently cut interest rates and the latest inflation reading is also benign but the long bond yield seems to be indifferent to the prospect of lower interest rates. What is your reading?

The shorter-end of the curve has moved but long bond has not reacted. Apart from the central government's fiscal slippage concerns, there are two other factors which may be attributed to this stubborn long bond yield. One is the less talked about states' fiscal slippage. Today, states are collectively spending more than the Centre and their slippages are increasing rapidly.

After the 14th Finance Commission recommendations, almost all states have now opted out from borrowing through NSSF and around 80% of their fiscal deficits are getting funded by market borrowings.

Barring a few of the recent ones, all these issuances have been in 10 year maturity bucket. And the SDL issuances have been growing at an average of 21% in last four years. This huge sub-sovereign supply is also putting pressure on corporate bond spread as well as on the belly of the yield curve.

The second factor is that more than 40% of the government securities issuances in India is in 10 years or above maturity bucket as against just around less than 10% in the US where long bond market is extremely mature. I think we need deeper rate cuts, durable liquidity infusion — may be through CRR cuts, uncompromising fiscal discipline, and some maturity adjustments in supply to meaningfully and sustainably move the long bond yield downwards.

Many mid-cap shares appear to be in a bear market. Is the worst over there?

The mid-caps will start performing as and when cost of fund for doing business comes down meaningfully from the current level. Given the current cost of fund for doing business, only a handful number of midcap companies will be adding economic values to their business in next 2-3 years.

It is difficult to justify buying a business that makes less ROCE (return on capital employed) than their cost of fund. But, over longer run I am optimistic on mid-caps. Unlike large caps, this segment of the market represents India growth story much more strongly.

Despite recent correction, the midcap index has substantially outperformed the large-cap index on a 5 years or 10 years scale. As long as India is going to grow faster than rest of the globe, I do not see any reason why mid-caps should not outperform in the longer run.

What is your assessment of the issues in the bond market? There has been a lot of stress of late in the bond market of late.

If mandate permits there is nothing wrong in lending against pledge of shares or mortgage of property. This time the problem is complicated because NBFCs and MFs filled up this space vacated by PSBs and a few large private sector banks which were grappling with their NPA issues in last few years.

Given the less refinancing capabilities and less sticky nature of the liability side of these entities than that of a bank, the market is nervous that in the event of actual default by the borrower the flexibility to restructure and refinance the loan would be limited and there would be a hard landing. Let us hope that the problem is limited only to a few names that is in public domain.

How should investors allocate their assets now?

If the investable surplus is for long term, I will recommend equity. Equity as an asset class has convincingly outperformed inflation in past.

In stocks, where are you allocating money? Some in the market think the consumption story may be over for now.

We have been trying to keep our overall portfolio less volatile till elections. However, historically we have seen that over longer run it does not matter who runs the government as long as it adopts developmental policies.

The big picture is that massive reforms have been implemented in last few years and it will have a significant impact on growth over longer run. We are positive on banks, industrials, power and some pockets in consumption space. Consumption is the biggest part of the economy and it has great potential to grow rapidly.

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INSURANCE CASES

Insurance firm directed to pay Rs 44.07 lakh to TNSTC driver's kin - The Times of India - 26th February 2019



Motor accidents claims tribunal, Madurai has directed an insurance company to pay a compensation of Rs 44.07 lakh to the family of a government bus driver, employed with the Tamil Nadu State Transport Corporation (TNSTC) - Madurai division, who was killed in a road accident in 2015.

Amulpandi, 42, was riding his two-wheeler back home when his two-wheeler back home when his bike collided with another on the Madurai-Theni Road near Checkanurani on September 2, 2015. Amulpandi, who suffered head injuries succumbed at a private hospital, a day later.

His wife moved the tribunal seeking for a compensation. In response, the insurance firm with which the other vehicle was insured submitted that the deceased rode his vehicle in a rash manner and that he did not possess a valid driving licence at the time of the accident.

The insurance company further contended that the person riding the other bike was not the owner of the vehicle and he was also not in possession of a driving licence and hence they are not liable to pay compensation.

Tribunal judge, P.Mathusuthanan, before whom the petition came up for hearing observed that the deceased's family did not prove that he was in possession of a valid driving licence. However, this and the contentions raised by the insurance firm alone is not enough to dismiss the petition for compensation, the tribunal said and held that the insurance firm is liable to pay the compensation. Considering the age and loss of income and that the widow has to support two minor children, the tribunal directed the insurance firm to pay a compensation of Rs 44.07 lakh to Amulpandi's family.

Of the amount, his wife, Sudha is entitled to Rs 24.07 lakh and his two minor children are to get Rs 10 lakh each, which is to be deposited in a nationalised bank until they become 18 years old.

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Insurance firm penalised for not approving knee surgery - The Tribune - 25th February 2019



The district consumer disputes redressal forum has directed an insurance company to pay Rs 3,000 as compensation for harassment and Rs 2,000 as litigation expenses to a local resident. The insurer hadn't given approval for his knee replacement surgery. The forum has also directed the company to grant approval for surgery.

Amrik Singh, a resident of Roran Wala Kalan village, had filed a complaint against Reliance General Insurance stating that he had availed Bhai Ghanhya Sehat Sewa Scheme by paying Rs 2,000. He stated that he felt severe pain in his left knee in October 2017

and doctors recommended knee replacement surgery. He stated that he asked the hospital, an empanelled one, to get approval from the opposite party for treatment. According to him, the insurer assured that approval will be given within 10 days, but it didn't happen.

The opposite party submitted that there was a violation of the terms and conditions of the agreement. It stated that the hospital was required to give intimation seven days prior to hospitalisation for all the cases of joint replacement. It further stated that in this case, the hospital issued letter on June 3, 2017 informing the date of surgery. Thereafter, the complainant neither informed regarding the surgery nor filed any reimbursement claim till date.

The forum observed that the hospital from which the complainant wanted to avail treatment is on the panel of the opposite party. It observed that the party was just trying to escape from the liability of paying for the treatment expenses.

It stated that the complainant had been seeking approval before taking the treatment and hadn't lodged claim of the treatment expenses. As such the opposite party cannot take this plea that the complainant has violated any of the terms and conditions of the opposite parties.

It stated that the insurance companies show green pastures to insured persons at the time of selling their products and when it comes to payment, they invent all sort of excuses to deny the claim.

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PENSION

SC ruling on PF may not impact those paid over Rs 15K per month - The Economic Times - 1st March 2019



The Supreme Court ruling on provident fund contribution by employers and employees is unlikely to impact those with basic salary and special allowances above Rs 15,000 a month, but could result in a higher outgo in case of foreigners working in India. “The order will be applicable to those with a basic salary and allowances up to Rs 15,000 as PF contribution. Beyond that, PF is not mandatory,” said a former central provident fund commissioner (CPFC).

K K Jalan, another CPFC, said that the order had been issued as many employers were not deducting PF beyond the statutory minimum wage. “So, we suggested enforcement

action in cases where the total payout was higher but the basic was lower and was the basis for PF deduction,” he said. As a result, the order may result in a lower take home salary for some employees but the number will be less.

Kuldip Kumar, a partner at consulting firm PwC India cited a case between Marathwada Gramin Bank employees and the management, where the Supreme Court had ruled that PF authorities could not force an employer to contribute beyond the statutory liability and PF authorities did not go for review petition.

“This ruling lays down the test for excluding a particular allowance from definition of ‘wages’ for PF contribution, where it is variable or incentive in nature and is not paid across the board to all employees in a particular category or paid especially to those who availed the opportunity. Where any such allowances are to be included in wages by virtue of this ruling and wages go beyond Rs 15,000 a month, whether PF authorities will force employers to contribute on this higher amount? In May, 2014, PF authorities issued instructions to its field officers that they should not force employers to contribute over and above the statutory wage ceiling (of Rs 15000) following decision of the apex court in the Marathwada Gramin Bank case,” he added.

While special allowances have been a cause for heartburn for many employees, who believe that their PF payments and post-retirement savings are impacted, several do not want higher deductions as it would reduce their takehome salary. “There is always a predicament,” said Jalan.


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Govt employees get to choose NPS pension fund manager - Mint - 26th February 2019

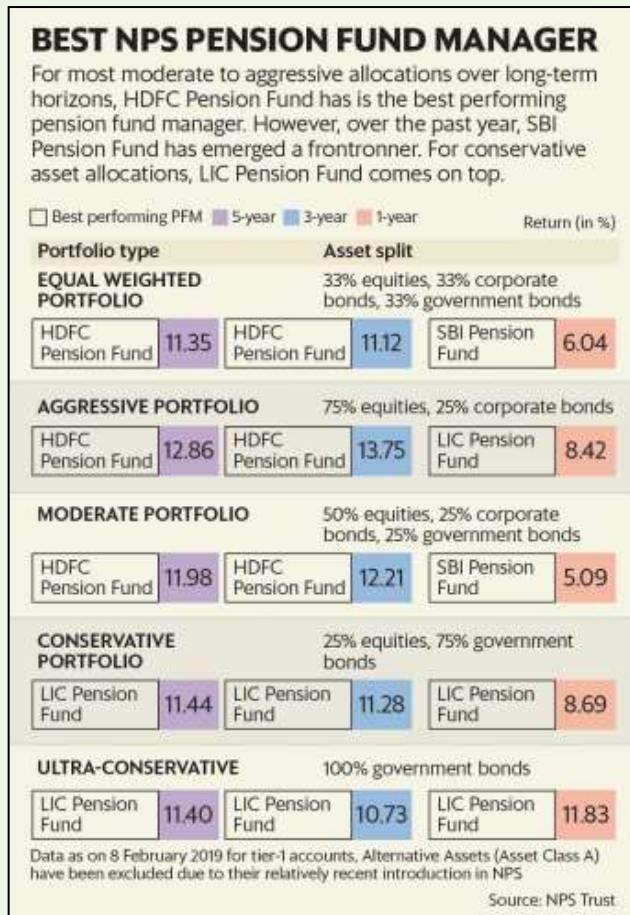
The Pension Fund Regulatory and Development Authority (PFRDA) just gave more choice to government employees in how they invest in the National Pension System (NPS).

Through a notification dated 31 January 2019, the PFRDA permitted India’s approximately 20 lakh Central government employees to choose their own pension fund manager from among the eight fund managers under NPS. Government employees can also decide the funds they want to invest in and in what percentage, within the conditions laid out under NPS.

As of now, PFRDA has only allowed incremental flows (fresh money) of Central government employees to move between the eight pension fund managers under NPS, but the pension regulator has indicated that norms for shifting the entire accumulated corpus to other managers will be issued in the future.

New choices

PFRDA has made two significant changes for government sector NPS subscribers.



Choice of fund manager: The pension regulator has given government employees the choice of letting any of the eight pension fund managers manage and invest their fresh NPS contributions.

Until now, while private sector subscribers could choose who would manage their NPS corpus from among the eight pension fund managers under NPS, the pension savings of government subscribers was mandatorily split equally between three public sector pension fund managers—SBI Pension Funds Pvt. Ltd, LIC Pension Fund Ltd and UTI Retirement Solutions Ltd.

Currently, the five private sector managers only manage about 3% of the total NPS corpus of about Rs 2.8 trillion.

Choice of asset allocation: The PFRDA notification has also given government employees the freedom to choose between four types of asset allocations. A) Existing asset allocation (with equity capped at 15%); B) 100% in Government Bonds; C) Conservative Lifecycle Fund with equity allocation capped at 25%; and D) Moderate Lifecycle Fund with equity allocation capped at 50%. In effect, government subscribers can now increase their equity exposure. Earlier, their contributions were invested only in option A mentioned above, where

equity was capped at 15%.

Kumar Shardindu, CEO of SBI Pension Fund Pvt. Ltd said it was important for government employees to take some equity exposure. "Government employees can only increase their equity allocation by opting for the lifecycle funds. Given that NPS was opened up to government employees who joined service in 2004 and afterwards, the maximum age of these employees would be 45. This means they should definitely look at maximizing equity allocation," he said.

Private sector subscribers can choose options C or D listed above or go for the Aggressive Lifecycle Fund which caps equity allocation at 75%. Alternatively, they can opt for the 'Active Choice' option and decide their own split between equities, corporate bonds, government bonds and alternative assets. In Active Choice, the equity allocation is capped at 75% for subscribers below the age of 50. After 50, the equity allocation is tapered off below this level with each succeeding year.

How to choose

While choosing a pension fund manager, note that a single manager will manage equity, corporate bond, government bond as well as alternative asset investments in NPS. This is quite different from mutual funds where one can manage your equity fund and another can look at your debt fund.

So how do you choose a suitable pension fund manager? Shardindu emphasised past returns and returns in different asset classes as the key factors. "The simplest way would be to go on the NPS Trust website and look at the returns that various fund managers have generated over different periods of time. You should also decide what your asset allocation will be and then look at the returns of each of these asset classes in the same proportion as your asset allocation," he said.

For most moderate to aggressive allocations over longer terms in tier-1 accounts, HDFC Pension Fund was the best performing fund manager, but SBI Pension Fund has emerged a front runner in the past year. For conservative allocations, LIC Pension Fund came on top.

However, historical returns do not differ significantly from each other because of relatively tight investment norms. Suresh Sadagopan, founder, Ladder7 Financial Advisory, said, "Their ranking keeps changing and the difference between different NPS fund managers isn't very large. That said, past returns would be the primary criteria in picking an NPS fund manager. I advise my clients to only take a call on this once every three years and not keep churning them every year," he said.

Another thing to keep in mind is track record. "The investor should look at the track record of the group across other financial services like mutual funds, banking etc. and how well they have done. Also, post sales service is critical. An all inclusive stable brand with long term return and ease of service should be the pension fund chosen," said Sumit Shukla, CEO of HDFC Pension Fund Ltd.

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PFRDA working on minimum assured return scheme for NPS subscribers - Deccan Chronicle - 24th February 2019



Pension fund regulator PFRDA is working on a minimum assured return scheme (MARS) for subscribers of the flagship social security programme -- National Pension System. NPS is a contributory retirement savings scheme and seeks to inculcate the habit of saving for old age among the citizens.

NPS, having an asset under management (AUM) of Rs 2.91 lakh crore, had subscriber base of 1.21 at the end of January. The regulator is in the process of designing and developing MARS, according to a document of the Pension Fund Regulatory and Development Authority

(PFRDA).

Some aspects, including what kind of guarantee -- absolute return guarantees or relative rate of return guarantees (sector and benchmark-based) -- can be reasonably provided by the pension funds with recommendation of suitable proposals, need to be examined, said the expression of interest (EOI) floated by it.

EOI has been invited from actuarial firms to design, develop and recommend MARS under the National Pension System that can be implemented under NPS architecture. The proposed structure of the scheme would include exit loads or exit penalty recommendation with respect to MARS (if required), clawback provisions, and guarantee reset period, among others, for subscribers.

The applicant, the EOI said, can be a government organization / public sector unit/partnership firm/ limited liability partnership/ private limited company in existence for at least 5 years. The project requires developing the scheme and processes for implementation based on the actuarial principles, similar products, schemes, and practices in operation both in India and abroad.

Normally, upon entry into the NPS, the subscriber remains invested till the age of superannuation or 60 years. Upon exit from the system, the subscriber is entitled to withdraw up to 60 per cent of the accumulations and the balance 40 per cent is mandatorily required to purchase annuity from an annuity service provider, who will provide the monthly pension to the subscriber.

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IRDAI CIRCULAR

Updated List of Life Insurers is available on IRDAI website.

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Terms and Conditions of Life Products for F.Y. 2018-19 is available on IRDAI website.

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GLOBAL NEWS

Malaysia: Motor & fire fuel general insurance market growth in 2018 – Asia Insurance Review



Malaysia's general insurance industry registered overall growth of 1.5% in 2018, on the back of higher premiums from its two largest classes of insurance, Motor and Fire.

Gross written premiums amounted to MYR17.92bn (\$4.4bn). Motor remained the largest class with a market share of 47.3% followed by Fire at 19.6% and Marine Aviation & Transit (MAT) at 7.4%.

Motor insurance recorded GWP of MYR8.47bn with a growth of 1.8% supported by increases in new vehicle sales in both the private motor cars and commercial vehicle segments. Close to 600,000 new vehicles were sold in 2018 compared to 580,000 in 2017 as a result of increased demand during the tax free months from June to August 2018.

Fire insurance grew 2.8% and maintained its position as the second largest class with GWP of MYR3.51bn. MAT insurance declined 0.3% with GWP of MYR1.33bn owing to reductions in the Cargo and Offshore Oil Related classes.

Medical and Health insurance (MHI) grew 5.2% to MYR1.16bn while Personal Accident insurance rose 6.9% to MYR1.21bn. The Miscellaneous Class recorded a dip of 4.8% with GWP at MYR2.24bn. Within this class, Bonds, Liabilities, Engineering and Workmen's Compensation business declined year on year. Uncertainty over some mega construction projects which are currently under review contributed to the slowdown.

Road safety

Malaysia has one of the highest road accident numbers in the world. Total Motor insurance claims incurred by the industry rose to MYR5.45bn in 2018. PIAM is committed to work with the government and all agencies to reduce road accidents nationwide. PIAM is working with the Ministry of Transport to enable insurers to have access to traffic summons data which can then be used in the calculation of insurance premiums. In this way, bad risks will be recognised while good drivers with summons-free record will be incentivised.

PIAM points out that the phased liberalisation of the general insurance industry has gained steady momentum since it took effect in 2016. PIAM member companies have introduced new and innovative products to better serve consumers and meet their various protection needs. As at 25 February 2019, the industry has launched 48 new Motor and 46 new Fire products in the market. The industry eagerly anticipates further liberalisation and look forward to the eventual opening up of the market.

The pilot phase of the Fraud Intelligence System (FIS), which was implemented in late 2017, has been completed. The system will help insurers to combat motor insurance fraud in Malaysia. This is an industry-wide initiative with the participation of all member companies.

PIAM is the national trade association of all licensed direct and reinsurance companies for general insurance in Malaysia. Currently, PIAM has 26 member companies.

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Source

China: Insurers to be allowed to offer flexible loan insurance products to private sector - Asia Insurance Review



China's banking and insurance regulator has said that it would allow insurers to provide flexible private company loan insurance products, to facilitate borrowings by private firms in the current sluggish economic conditions.

The CBIRC also said that it is studying removing industry restrictions on insurance funds' ability to make equity investments, reported Reuters.

The regulator has also called on all of the country's banks to sharply increase lending to private companies, as policymakers step up support for the slowing economy.

Big state-owned commercial banks should increase outstanding loans to smaller companies by more than 30%, according to an online statement posted by the CBIRC.

The private sector accounts for over half of China's economic growth and most of its new jobs, but firms have been facing higher borrowing costs and a tougher time obtaining financing due to a multi-year regulatory crackdown on shadow banking, one of their major funding sources.

Commercial banks are prohibited from discriminatory practices when approving loans for private firms, the regulator said.

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Source

South Korea: Insurance industry's combined net profit slashed by auto losses - Asia Insurance Review



South Korea's insurers saw their combined net profit decline last year, hit by a jump in auto insurance losses, according to government data released yesterday.

The combined net profit of the insurance companies stood at KRW7.27trn (\$6.48bn) in 2018, down by 7.4% from a year ago, reported Yonhap News Agency citing the preliminary data from the Financial Supervisory Service (FSS).

While life insurers saw their combined net profit rise by 3.1% year on year to KRW4.03trn last year, the combined net profit of non-life insurers slipped by 17.8% to KRW3.23trn.

"When it comes to life insurance companies, investment income increased in 2018 from the previous year thanks to non-recurring gains, and this mainly contributed to expanding earnings for the year," the FSS said in a statement.

"By contrast, non-life insurance companies' earnings significantly worsened mostly because the loss ratio for auto insurance was higher than a year earlier," it said.

Insurers' premium income totalled KRW201.7trn last year, a marginal dip of 0.3% from 2017.

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