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QUOTE OF THE WEEK

"Everybody has talent, it's just a matter of moving around until you've discovered what it is."

George Lucas

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Jumping Juvenile Policy

A jumping juvenile policy is life insurance meant for a child and is usually bought by a parent. This policy increases in value when the child reaches 21 years of age but the premium stays the same. If this insurance is continued at that age, the insurer will not demand any additional requirements as condition for the insurance, such as a medical examination.

The parent is the applicant for a jumping juvenile insurance policy since minors cannot purchase insurance products. The insurable age for a juvenile can vary, but the maximum age to insure a child is usually 15 years old. Decisions about the insurance are in the hands of the adult who purchases the policy, but control over the insurance can be given to the child once they reach 21 (or the age stipulated in the contract). Jumping juvenile policies are often purchased to finance a child's college education, provide them with insurance once they reach adulthood, or just to have funds at age 21.

INSURANCE INDUSTRY

More data you have, more certainty you can afford in insurance – The Hindu Business Line – 24th May 2022

Risk is defined by data and the more data you have, the more certainty you can afford in the insurance industry. So, insurers are hotly debating how data should be used, says Richard West, a practising solicitor and Global Head of Liability Defence as well as Global Head of Client Innovation at the UK-based Kennedys Law. Kennedy's has a presence in Technopark, Thiruvananthapuram, after its innovation division KennedysIQ merged with local company Cognitive Computing Services in 2018. The latter was set up by Tony Joseph, Jayakumar R and Renju VM in only the previous year. After merger, it was renamed Kennedy's Kognitive Computing, the only development office outside of the UK. Richard West explained how the insurance industry has been around for a long time. "Many of the leading insurers have been in business for many decades. They run substantial legacy systems, often different ones in different jurisdictions, across different lines of business." A single insurer may have many hundreds of such systems across their portfolio.

Aggregating that data to inform risk pricing for efficient claims handling is difficult. "Insurers can be paralysed by collection of their data sets, deferring to underwriter's intuition over data-informed insight. "Kennedys IQ and our lawyer colleagues are helping our clients to maximise potential of this valuable resource. It is better to prevent illness than treat it – so the same applies to all risk management," he added. Karim Derrick, Product and Innovation Director at Kennedys IQ, said as ability to use machines to predict and anticipate loss grows, so does the ability to prevent loss. "Explosion of driver aids in modern cars serves to substantially reduce death in vehicle-related accidents; traction control keeps us on the road; automatic breaking reduces shunts. So machines work alongside us to improve consistency of our driving." Commenting on the shift of insurance industry from 'detect and repair' to 'predict and prevent' mode, West said Kennedys IQ is particularly interested in how reputation is impacting modern businesses, increasingly based on the intangible value that includes reputation rather than physical assets like machinery and stock.

"We are working with underwriters to create new products that monitor and anticipate reputational loss by using machine to analyse social and traditional media in real-time, to machine-read contracts and agreements to ensure the right legal controls are in place across supply chains to ensure protection from environmental, social and governance risk," he explained. Reputation loss can be triggered by data loss, by misbehaving directors, poor treatment of employees or poor performance of products. Machines can be trained to recognise signs that these losses are occurring, helping insurers and corporates mitigate them in real-time in a way that the explosion of data and the power of machine intelligence affords.

(The writer is Vinson Kurian.)

TOP

Life and Health Cover: How much coverage should one buy and factors to consider while purchasing insurance – Financial Express – 21st May 2022

The need for purchasing adequate life and health insurance seems to have gone up in recent times. Insurance is a tool to manage the risks arising in life. While life insurance helps in maintaining the standard of life and meeting life goals, health insurance helps one to avoid dipping into one's investments to meet the cost of hospitalisation. Even before one starts to invest for goals, there needs to be an adequate amount of life and health insurance coverage within the family.

Life insurance coverage amount is denoted as sum assured and along with bonus it becomes the death benefit. Under insurance means one does not have enough sum assured and the surviving family members may fall short to meet their financial needs. As a thumb rule, one may look at buying a life cover of 10-15 times of net annual income, accounting for other liabilities such as home loan also.

One should undergo a proper need-based analysis. "Multiple factors help one derive an ideal cover amount that one should buy. Factors like age, financial assets, financial liabilities, annual income, lifestyle and expenses of the dependents are some of the factors which make one decide the required sum assured. It is also important to keep reviewing it after every 5 years. As one progresses in life, one should keep a check on their protection requirements in regular intervals of time and keep on upgrading their cover amount," says Aatur Thakkar Co-founder and Director at Elephant.in, Alliance Insurance Brokers.

When it comes to buying adequate health cover, the answer may not be as simple as it is for life insurance. Several factors such as city of residence, medical history, types of hospitals in your area may help you decide on the amount of health insurance coverage amount. "The geographical location where one is residing is also taken into consideration as medical costs in the Tieir-2 or tier-3 cities are lower compared to metro cities. The premium amount can also rise if one has any existing illnesses. Waiting periods for PEDs and specific illnesses also determine the premium amount. Premiums are comparatively lower for health covers with higher waiting period for PEDs and specific illnesses," says Vivek Chaturvedi, Head of Direct Sales, Digit Insurance.

"Considering the rising medical costs, a person can consider a sum insured of Rs 10 lakh to adequately cover themselves. They can reassess their needs and get a higher sum insured once they get married or have children. The premiums are typically higher for individuals who have pre-existing diseases (PEDs) and come with a waiting period," adds Chaturvedi.

(The writer is Sunil Dhawan.)

TOP

INSURANCE REGULATION

IRDAI to stage conference on 30 May on the catalytic role of InsurTech – Asia Insurance Review – 26th May 2022

The IRDAI, in continuation of its insurance reform agenda, is holding a conference on 30 May 2022 in Bengaluru focussing on the InsurTech ecosystem and its benefits to the insurance industry. At this event, which has the theme "InsurTech—Catalyst that Inspires", Shri Debasish Panda, IRDAI chairperson, will outline the effective role that InsurTechs can play in India in order to help the Indian insurance sector grow and provide last-mile coverage to the citizens of the country.

This event will create a unique platform for all entities operating in the insurance sector to engage with IRDAI to discuss a regime that will foster innovation, promote the growth of insurance in India, and create an enabling platform to enhance the customer experience.

Broadly, the conference agenda includes:

- Leveraging technology for insurance reforms
- Tech-based insurance value chain
- IRDAI's regulatory sandbox
- Innovation-led insurance value chain
- Deliberation on policies related to InsurTech.

In-person and virtual modes
The conference is to be held in-person and is also accessible virtually.

At the event location, over 300 participants are expected. They consist of professionals from insurance companies and InsurTech companies of India. The participants are expected to be the CEO/MDs/Head-Digital/CIOs of insurers, and founders or top executives of InsurTech companies. These participants have already been invited to the event.

The IRDAI will also be sharing a live link to the conference for the global and domestic insurance community to be able to attend this event virtually. The event is expected to run from 10:30am IST to 6:30pm IST. Mr Panda is scheduled to deliver his keynote address from 10:30am IST to 11:00am IST.

TOP

Irdai sets up committees through GIC to suggest industry overhaul – Business Standard – 26th May 2022

To overhaul the insurance sector, the Insurance Regulatory and Development Authority of India (Irdai) has formed various committees through the General Insurance Council (GIC) to suggest reforms in several areas of general, reinsurance and life insurance such as regulation, product, distribution, among others. These panels include heads of private and public sector insurance companies, members of Irdai and representatives from the GIC, said an official. GIC was formed by Irdai to act as a link between the insurance regulator and the non-life insurance industry, and has representation from the industry. About five committees each have been formed to suggest changes in the general insurance business, non-life insurance space, and two panels will look into the reinsurance segment. These panels have been formed to look into areas of regulation, products, distribution, finance, health, finance, taxation, ease of doing business, among others. The industry representatives have also been

asked to highlight the issues they have been facing and suggest steps that can be taken, said another official. Some recommendations have already been submitted to the insurance regulator, he added.

The committees were constituted after the new Irdai Chairman Debasish Panda held an interaction with insurance industry players last month. It was decided that areas such as reducing compliance burden for the industry, rationalising investment norms, among others will be reviewed. An enabling framework for entry of more global players in the industry will also be identified, among some of the other reforms for the industry. The panels have IRDAI members that will put sanctity in the acceptance of the recommendations of these committees, the first official quoted above said. These panels would suggest changes that can be made in regulations and legislation which would be considered by Irdai and the Department of Financial Services. These committees have also roped in Loknath Kar who was the former ex-legal head of ICICI Lombard and PwC to draft the reports. This is the first time that private sector hands have been entrusted with such a task, the official quoted above said.

(The writer is Nikunj Ohri.)

TOP

Govt may tighten IRDAI service rules – Live Mint – 25th May 2022

The government is examining the service rules for the insurance regulator to prevent further conflicts of interest after the second chairman in four years took a top private sector job immediately after demitting office, two people aware of the development said. The move follows a complaint filed with the government over the appointment of former Insurance Regulatory and Development Authority of India (IRDAI) chairman Subhash Chandra Khuntia as part-time chairman of Jana Small Finance Bank which also sells insurance products of private insurers as a corporate agent. The previous chairman TS Vijayan came under the scanner of the finance ministry after accepting the position of a director in Yes Bank in 2018 without obtaining the government's approval. The bank at that time was a corporate agent to insurance companies including Max Life and Reliance General Insurance, which were directly regulated by IRDAI.

As per Section 8 of IRDA Act, the chairperson and whole-time members of IRDAI cannot take a government job or work for an insurance company for a period of two years from the date on which they cease to hold the regulatory office, without prior permission of the Central government. The question now being examined is whether there is a loophole, such as an insurance business in a non-insurance organisation, conducted as a peripheral activity. The government may examine whether the bar on employment should be extended to such businesses, where there is a potential for conflict of interest and 'revolving doors' phenomenon. "The Section 8 of IRDA Act is very clear that appointment of a former insurance regular should not be in a government entity or an insurance company for a period of two years without government approval. Jana Small Finance Bank is a bank regulated by RBI and not an insurance company. So, there is no conflict of interest or violation of any rules and no prior approval of the finance ministry is required in this case," Khuntia said over phone when asked about the compliant over his appointment in the bank immediately after leaving the office of chairman IRDAI.

Questions mailed to the finance ministry and secretary department of financial services remained unanswered till the time of going to press. Messages left on the financial services secretary's phone were also not replied. "The department receives various complaint on issues related to appointment or vigilance aspects. All complaints are examined and action is taken in accordance with existing regulations," said the people cited above. "Rather than an individual case, the issue has to be seen from a regulatory standpoint -- whether a bank involved as an insurance corporate agent, regulated by IRDAI should be considered as a firm involved in insurance business," they added. Khuntia retired from IRDAI

in May last year and took the Jana Small Finance Bank job in October. The bank sells general insurance products of Bajaj Allianz General Insurance Co. Ltd. & ICICI Lombard General.

(The writer is Subhash Narayan.)

TOP

IRDAI directs insurers to stop displaying assistance services ads not related to insurance claims – Live Mint – 23rd May 2022

The Insurance Regulatory and Development Authority of India (Irdai) has advised motor insurers to discontinue advertisements not related to insurance claims as may be provided by motor garages/workshops. Typically, general insurance companies enter into service agreements with motor workshops/garages for the purpose of providing motor insurance claim services for repair of accident vehicles. It has been noticed that the service agreements in addition to claim services, extend certain assistance services not related to insurance claims such as free pick up and drop of vehicle, body wash, interior cleaning, inspection of vehicle etc. Irdai said while the bundling of the above facilities with insurance is left to the motor service providers, general insurers issuing advertisements on the said services, projecting them as benefits provided within the insurance cover is unacceptable. "The main objective of service agreements with motor garages/workshops shall only be providing insurance services for claims of accident vehicles and it cannot arbitrarily expand to include scope of services which are not relevant for insurance claims," said Irdai.

It added that a perusal of advertisements issued by a few general insurers showing discounts up to certain percent, saving in the premium etc., and the illustrations provided therein, reveals that the features or benefits are applicable under extreme or exceptional scenarios. The discounts in certain advertisements are not shown objectively on filed rates but expressed in comparison to rates of erstwhile tariff. This is not to be done. "Considering that the quoting of motor premium rates is dependent upon multiple factors and a variety of risks, the contents of the said advertisements which may be applicable under extreme or exceptional scenarios would make a large number of prospective customers vulnerable to wrong understanding, said Irdai.

(The writer is Navneet Dubey.)

TOP

LIFE INSURANCE

Keeping the agent-policyholder tie intact – Financial Express – 27th May 2022

In the insurance industry, policy servicing is an integral part of the product itself. Without policy servicing, the product ceases to exist. Unless the agents and policyholders are in touch with each other, the policyholders may miss out something very important concerning the use of the policy. Some unscrupulous person may make the policyholder surrender his policy to buy a new one. This results in loss for the policyholder, the insurer and the agent.

Many policyholders complain that the agents do not keep in touch with them. This can happen for a variety of reasons. In some cases, agents are terminated or have exited from the industry on their own volition. But there are other cases which merit special attention. Let us get some reality check about agents' commissions.

Many of us have a false perception that agents earn huge commissions and other incentives from their companies. Some experts advise the customers to ask the agents to clearly state how much commission they are going to earn from selling a policy. The fact is, agents do not earn unlimited commissions. Yes, the first commission is really good. But renewal commissions are significantly lower than this. All agents are not entitled to additional incentives and allowances.The first year commission is the bread and butter of agents as they have worked hard to discover suitable customers and sell suitable products to them.

Many customers ask agents to share a part of the first commission (and sometimes the entire first commission) with them as a condition for buying the policies. First, such an act of rebating violates Section 41 of Insurance Act 1938, prohibiting all types of rebates and the agent risks losing his job. Second, if agents forego the first commission, it will take a very long time to recover the loss suffered by them. If the first commission is 25% and renewal commission is 5%, then the agent can break even only after six years. An agent may not find it worthwhile to run an extra mile for such clients. A stable life insurance agent has about 500 to 1000 customers to service. Usually, an agent is not just a life insurance agent. He takes up agencies of non-life insurance company, post office, housing finance company or even mutual funds.

That is why a mature agent is able to provide comprehensive financial services. It's in the interest of the policyholder to remain associated with the agent not just during the term of the policy but beyond that also. Here is a financial planning expert who is available almost free of cost and offers all advice on insurance and financial planning. In our country, only life insurance agents have been able to carve out a pre-eminent position as family friends. Customers are expected to select those agents who have a track record of excellent customer servicing.

(The writer is Nirjhar Majumdar.)

TOP

Life insurers eye health foray – The Telegraph – 26th May 2022

The insurance regulator has apparently revived its plan to allow life insurance companies to offer health insurance indemnity products. If the approval from the Insurance Regulatory and Development Authority of India (IRDAI) finally comes through, it will benefit players like LIC which has seen its reputation in shreds after its Rs 21,000 crore IPO tanked on listing earlier this month.

Currently, life insurers are allowed to only sell fixed benefit health plans to customers. In these policies, the insurance company pays a fixed amount, which is the sum insured after a claim. In the case of indemnity products, popularly named Mediclaim plans, the medical expenses borne by the policyholder during hospitalisation is reimbursed by the insurer.

Back in 2016, the insurance regulator barred life insurance firms from offering indemnity-based health products either to individuals or as a group policy. However, after receiving representations from the industry, IRDAI formed a committee to look into the feasibility of offering such policies again. Reports now suggest that the IRDAI may allow life insurers to offer indemnity products. Incidentally, these products constitute a significant chunk of the health insurance market.

The life insurers are agog over the IRDAI move and industry mavens say that they will be able to offer these products in all parts of the country because of their strong distribution network. However, some analysts remain a little sceptical about the benefits that will flow to the life insurance companies from the relaxation in the rules, especially at a time when standalone health insurers (SAHI) have enhanced their presence in the segment.

According to a report from Kotak Institutional Equities, retail health insurance is a challenging segment with high product complexity necessitating assisted sales. It added that SAHI players with specialised focus on retail health are gaining high traction even as multi-line private non-life players have preferred to stick to the group health business.

"We believe that sales engagement required for retail health will likely remain high and this segment may remain dominated by SAHI players in the medium term. Several non-life companies such as Bajaj Allianz and ICICI Lombard have decided to step up in the retail segment; however, this business is highly granular with a high gestation period," its analysts added.

The brokerage further said that retail health insurance accounted for 45 per cent of total health insurance premium in 2020-21 whereas group health was marginally higher at 48 per cent. Government business accounts for the rest. The group insurance business is generally a wholesale one-year product with lower operating expenses. As a result, this is an extremely competitive space characterised by lower margins. On the other hand, the retail business is a very granular, operations-intensive business.

"Health policies have multiple covenants and are not easily comparable. Further, claims frequency is higher than life policies. Retail health hence requires high sales engagement and servicing. As a consequence, retail agents with high servicing capability dominate total retail health business (34 per cent of total sales in 2020-21)," the analysts said.

TOP

Published paper based on insurance claims pegs excess deaths in 2020 & 2021 at 4.7 million – The Times of India – 26th May 2022

A new paper based on insurance policy claims data estimates 0.56 million excess deaths in India in 2020 and 4.15 million excess deaths in 2021, or a total of 4.71 million excess deaths in the pandemic years. The calculations in the paper are based on death claims settled by all life insurers as reported by the Insurance Regulatory and Development Authority (IRDAI) till March 2021, death claims settled by Life Insurance Corporation of India (LIC) in April-December 2021, and civil registration system (CRS) data on death registration in India during 2017-20.

The paper, published in the latest issue of the Economic Economic and Political Weekly (EPW), is authored by Mihir Mahajan, public policy researcher at the Takshashila Institution, and Shekhar Sathe, a banking and finance professional.

In its global excess deaths estimates released on May 5 — which the government has categorically rejected — the World Health Organization (WHO) estimated 0.83 million excess deaths in 2020 and 3.91 million excess deaths for 2021. "Based on an entirely different data source (life insurance claims), we show that death registrations in 2020 were likely short by 0.56 million. We also contend that there were likely 4.15 million additional deaths in 2021 than the government's estimated total for pre-pandemic 2019. Taken together, these numbers significantly exceed the government's official number of 4,81,000 (0.481 million) Covid-19 deaths in 2020 and 2021," stated the paper.

Their method is based on the assumption that the ratio of death claims settled to the number of deaths registrations. "This is hard data, not an estimate," stated the authors. Based on partially available data, the authors state they have conservatively estimated that the number of death claims likely to be settled in 2021 would be about 3.003 million.

"There is a process that connects 'claims settled' and 'deaths registered'. The chain of events leading to a 'deaths registered'. The chain of events leading to a death claim being settled is: (i) an insured person dies; (ii) the death is registered and documentation obtained; (iii) a death claim is filed with a life insurer and is settled by the insurer based on the evidence of death (for example, death certificate produced through the registration process)," explained the authors. They give a disclaimer that they did not find data to estimate the proportion of death claims settled to the actual number of lives lost to account for a person with multiple life insurance policies.

The paper argued that death claims settled are a good proxy for death registrations given how steady the ratio between claims and registered deaths has been. Then, using data on new individual policies sold in 2019 and 2020, they conclude that throughout 2020 and 2021, the number of policies in effect is likely not very different from the number of policies in effect in earlier periods.

Using the data, they calculated the estimated number of deaths during 2020 at 86.81 lakh. However, the actual deaths registered in 2020 were just 81.5 lakh. Thus they estimate that 5.6 lakh or 0.56 million deaths are missing from 2020 death registration data. For 2021, the government has not released official data of death registrations or estimated total deaths. However, using the same methodology as for 2020, the authors calculated from the insurance data that the total expected death registrations for 2021 is roughly 1.25 crore. This exceeded the total estimated deaths in preceding pre-pandemic year 2019 by 41.54 lakh or 4.15 million.

(The writer is Rema Nagarajan.).

TOP

Can life insurers offer health plans? Irdai set to take a call – The Economic Times – 25th May 2022

Six years after it banned life insurance companies from offering health insurance products, the Insurance Regulatory and Development Authority of India (Irdai) is mulling allowing it again as the new chairman is relooking at long-pending changes to enhance penetration of insurance in the country.

Allowing life insurance companies to offer health plans is one of the big decisions in front of Irdai chairman Debasish Panda, who has vowed to simplify regulations and capital requirements and introduce new products to widen insurance penetration in the country.

"Allowing life insurance companies to manufacture and distribute health plans has been a bone of contention in the industry because general and standalone health insurance companies are clearly opposed to it. But a decision will have to be made especially as a committee to evaluate this feasibility more than two years ago has submitted its report," said the CEO of a life insurance company.

The nine-member committee co-chaired by LIC chairman MR Kumar and former New India Assurance Chairman G Srinivasan was formed in February 2020 to examine the feasibility and business scope for life insurance companies to offer indemnity-based health plans.

"The committee had sent its recommendation more than one-and-a-half years ago. But since the life insurance members were outnumbered in the committee, all it could suggest was allowing life insurance companies to be distributors of health plans, though the demand has always been to enable life insurers to offer health because it is a natural combination rather than clubbing it with general insurance products like motor," said a member of the committee.

Industry captains say a new chief at the Irdai along with the recent public listing of LIC could alter the status quo in the industry.

"The new Irdai chairman wants things to move. But more importantly, since now LIC is listed, it is in the government's interest to make sure it is profitable, and this is one way of doing it. Allowing LIC to offer health will open up a whole new segment, so the key is with the government. It is also important to see what are LIC's views on this since previously they have been reluctant to venture into new areas as they were always under pressure to fulfil the government mandate," said the CEO cited above.

Allowing life insurers to offer health plans will dent the fortunes of standalone health insurers and general insurance companies. The regulator will also have to take into account their complaints, especially at a time when there has been increased awareness of these products post-Covid. A research paper by the National Insurance Academy released earlier this month said that health insurance premium collected has jumped to ₹73,330 crore in FY22 from ₹58,572 crore a year ago and is growing at a compounded annual growth rate of 24%.

"This has been a proposal which has been in the works but a decision has not been made yet. There are other issues which are also under consideration, so it is not as if this decision is next in line," said a senior Irdai official. The regulator could not be immediately reached for comment. Among the proposed reforms in life insurance are the standardisation of products and simplifying regulations, more specifically on calculations of management expenses for these companies.

"But this move is probably more important because it has ramifications throughout the insurance industry," said the CEO cited above. It is unclear whether Irdai would want to take a fresh look at health insurance or will rely on already existing submissions by previous committees in this regard.

(The writer is Joel Rebello.)

TOP

Estimating the impact of covid-19 in India from life insurance claims – EPW – 21st May 2022

The data on the death claims settled by Indian life insurers is used to estimate the impact of Covid-19 in India in 2020 and 2021. A conservative estimate of 0.56 million missing death registrations is reported for 2020. An estimate of three million additional deaths in 2021compared to pre-pandemic year 2019 is also reported. This estimate far exceeds the government's official estimate of 0.481 million Covid-19 deaths during this period.

The data on the claims settled by Indian life insurers is used to estimate the impact of Covid-19 in India in 2020 and 2021. A conservative estimate of 0.56 million missing death registrations for 2020 is reported. An estimate of three million additional deaths in 2021 compared to pre-pandemic year 2019 is also reported. This estimate far exceeds the government's official estimate of 0.481 million Covid-19 deaths during this period. In this article, we present an estimate of the impact of Covid-19 as: (i) for 2020, deaths likely missing from death registrations data released by the government in May 2022; and (ii) for 2021, the estimated additional deaths in comparison to pre-pandemic 2019.1 Our estimate is based on three data sources: first, death claims settled by life insurers, as reported by the Insurance Regulatory and Development Authority of India (IRDAI), a regulatory body under the jurisdiction of the Ministry of Finance, Government of India. Second, death claims settled by the Life Insurance Corporation of India (LIC) in April–September 2021. Third, the Civil Registration System (CRS) data on death registrations in India during 2017–20. Our method2 is as follows: (i) We align fiscal year death claims settled as reported by the IRDAI to calendar years by assuming an even distribution of claims throughout the year.

(ii) We estimate death claims settled for 2021 based on partial data from the IRDAI and LIC. (iii) We show that the ratio of death claims settled to deaths registered in a year is stable and can be used as a proxy to project missing death registrations in the pandemic period. (iv) We calculate an estimate of death registrations missing from 2020 CRS data and deaths in 2021 using the proxy. Data on Life Insurance Claims Settled by Insurance Companies Fiscal years 2017 through 2020: We constructed Table 1 based on the death claims settled by all life insurance companies in India, as reported in the annual reports of the IRDAI for the fiscal years 2017 through 2021 (IRDAI 2017, 2019, 2020, 2021). In India, the fiscal year is from 1 April of each year to 31 March of the following year. For example, FY 2017 is the period from 1 April 2016 to 31 March 2017. Thus, each fiscal year includes nine months from the preceding calendar year and three months from the current calendar year.3 Calendar year 2020: To obtain death claims data for calendar years, we assume that death claims settled are distributed evenly throughout the year. For example, calendar year 2017 includes the last three months of FY 2017 + first nine months of FY 2018. Then, death claims settled in calendar year 2017 = (0.25 × 15,75,303) + (0.75 × 15,89,379) = 15,85,860. Table 2 shows the calculated calendar year death claims settled for 2017–20. Calendar year 2021: To obtain an estimate of death claims settled in 2021, we divide 2021 into two non-overlapping periods and then combine the data. January–March 2021: We divide FY 2021 death claims settled as reported by the IRDAI (Table 1, column C) by four to obtain death claims settled in January–March 2021 as 20,93,000/4 = 5,23,250. This is denoted as A. April–December 2021: We accessed the red herring prospectus released during the recent initial public offering (IPO) of the LIC (2022). We note that a Twitter account has also suggested the use of life insurance data from the LIC (The Fact Finder 2022).

The LIC red herring prospectus included death claims made and settled for 1 April to 31 December 2021. This data is shown in Table 3. In the period 1 April–31 December 2021, the LIC settled a total of 1.24 million death claims (1.07 from column A2 + 0.17 from column B2). For the entire 12 months of pre-pandemic FY 2019 and FY 2020, the LIC had settled 0.99 million and 0.93 million claims, respectively (Table 3, column C). We observe that the LIC's share of death claims as a percentage of total settled claims for the whole life insurance industry was 58.05% in FY 2019, 50.43% in FY 2020, and 52.39% in FY 2021.4 This is obtained by summing the individual and group LIC claims settled (Table 3, column C) and comparing with industry-wide data from the IRDAI (Table 1, column C). Conservatively, we assume that the private sector insurance companies and LIC settled an equal number of claims (50% of total) during April–December 2021. We double the 1.24 million death claims settled by the LIC and obtain the total estimated claims settled by all life insurers for April–December 2021 as 2.48 million. This is denoted as B. Total estimated death claims settled in calendar year 2021: We estimate the total death claims that are likely to be settled in calendar year 2021 as: A + B = 5,23,250 + 24,80,000 = 30,03,250. This number is denoted as C. Note that A is the actual IRDAI data, B is a conservative extrapolation based on the LIC data. Death Claims Settled and Death Registrations How is a death claim settled? Death claims settled corresponds to the number of policies for which the insurance companies received and settled a claim. A life insurance claim arises when a person with a life insurance policy dies. The claim is settled upon provision of appropriate proof of death by the beneficiary of the policy. Such proof includes official documentation such as a death certificate. This documentation is also part of how death registrations are determined. We note that there is a process that connects "claims settled" and "deaths registered."

The chain of events leading to a death claim being settled is: (i) an insured person dies; (ii) the death is registered and documentation obtained; (iii) a death claim is filed with a life insurer and is settled by the insurer based on the evidence of death (for example, death certificate produced through the registration process). Note that a single person may have multiple life insurance policies—for example, one through their employer and one purchased on their own. We did not find data to estimate the proportion of death claims settled to the actual number of lives lost. Death claims settled are a good proxy for death registrations: Table 4 shows death registrations as reported by the government (CRS data) in column A (ORGI 2022; Sinha 2022), which includes deaths of both (insured and uninsured) individuals and death claims settled for the same year in column B (based on the calculations above). Empirically, we find that, in the three pre-pandemic years (2017–19), the ratio of claims settled to deaths registered remained in a narrow range—24.53% in 2017, 24.12% in 2018, and 23.68% in 2019 (Table 4). This suggests that, in

the pre-pandemic period, the number of death claims settled in a year is a good proxy to the number of deaths registered.5 We also note that new (individual) policies sold in FY 2020 were only 0.69% more than the policies sold in FY 2019; in FY 2021, the number of policies sold was lower than those sold in FY 2020 by -2.49% (IRDAI 2021: 10). Some policies also mature each year and are no longer in effect. Thus, throughout 2020 and 2021, the number of policies in effect is likely not very different from the number of policies in effect in earlier periods. Death registrations estimated to be missed in 2020: We calculate the simple average of the ratio of claims settled to deaths registered during 2017, 2018, and 2019. This value, denoted as R, is 24.11%.6 We utilise R to estimate the number of missing death registrations during 2020 as follows: Total expected death registrations in 2020 = claims settled for 2020 / R = 20,93,000 / 0.2411 = 86,80,657. The actual deaths registered in 2020 were 81,15,882 (Table 4). Thus, we estimate that 5,64,775 (0.56 million) deaths are likely missing from the death registration data for 2020 released by the government (ORGI 2022; Sinha 2022). Death registrations estimated in 2021: For 2021, the government has not released the official data of death registrations. Total expected death registrations in 2021 = estimated claims settled for 2021 / R = 30,03,250 / 0.2411 = 1,24,55,893. The Government of India, through the sample registration scheme mechanism, provides estimates of the total deaths in India in each year (Sinha 2022). These include both registered and unregistered deaths. These numbers are: 2016: 81,53,510 2017: 81,17,689 2018: 80,77,955 2019: 83,01,769. The total expected death registrations, 1,24,55,893, for 2021 estimated from insurance data, exceed the total estimated deaths in preceding pre-pandemic year 2019 by 41,54,124 (4.15 million). Essentially, we contend that there were 3 million additional deaths in 2021 over the preceding non-pandemic year of 2019. We make this comparison since the government has not provided deaths registered in 2021 or estimated total deaths for 2021. Discussion In its global excess deaths estimates released on 5 May 2022, the World Health Organization estimates 0.832 million excess deaths in 2020 and 3.908 million excess deaths for 2021 (WHO 2022). Based on an entirely different data source (life insurance claims), we show that death registrations in 2020 were likely short by 0.56 million. We also contend that there were likely 4.15 million additional deaths in 2021 than the government's estimated total for pre-pandemic 2019. Taken together, these numbers significantly exceed the government's official number of 4,81,000 (0.481 million) COVID-19 deaths in 2020 and 2021 (Biswas 2022). Our method is based on simple arithmetic and one important assumption—that the ratio of death claims settled to the number of deaths registered in 2020 and 2021 is similar to that during 2016–19. The key numbers and assumptions that drive our estimates are also straightforward to evaluate. First, for calendar year 2020, we used the actual death claims settled to estimate the missing death registrations. This is hard data, not an estimate. Second, based on partially available data, we conservatively estimated the number of death claims that are likely to be settled in 2021 as 3.003 million. When the IRDAI annual report for FY 2022 is released, the reported number of death claims can be compared to our estimate of 3.003 million. Given the significant projected increase in claims, we suggest that the "number of claims outstanding" (which historically is very small) also be taken into account when doing this comparison. Third, we rely on the empirical observation that, in the three years immediately preceding the pandemic (2017–19), the ratio of claims settled to deaths registered was stable, and averaged 0.2411. We use this ratio to estimate total expected death registrations for 2020 and 2021. This is a stable correlation for the three years preceding the pandemic. We do not presume any direct relationship between the two numbers, though there is a set of events that link "death- claims settled" to "deaths registered" as explained before.

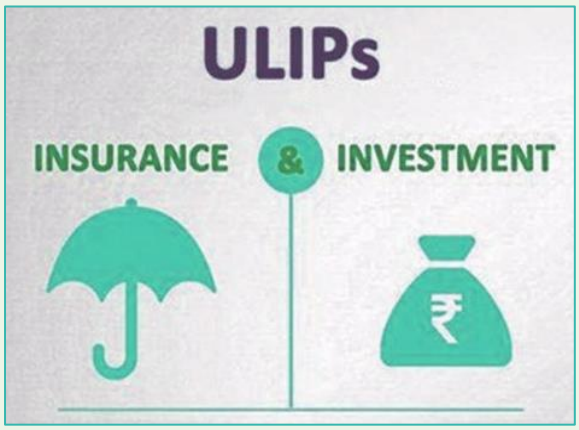
In Conclusion In this article, we make an empirical observation that the ratio of death claims settled by Indian life insurers to deaths registered in India is stable in pre-pandemic years. We use this ratio to estimate missing death registrations during the Covid-19 pandemic in India in 2020 and 2021 based on death claims settled by life insurers. We report a conservative estimate of 0.56 million missing death registrations for 2020. We also report an estimate of 4.15 million additional deaths in 2021 compared to the government's estimated total for pre-pandemic year 2019. We make this comparison since the government has not provided registration or estimated total deaths for 2021. Our estimates are based on hard data of deaths, based on death claims reviewed by insurance professionals in order to settle insurance claims. Our estimate far exceeds the government's official estimate of less than 4,81,000 (0.481 million) Covid-19 deaths during this period. The authors would like to thank Murad Banaji, Pranay

Kotasthane, and Suman Joshi for their helpful feedback on an early draft of this article. Notes 1 In February 2022, the Ministry of Health and Family Welfare issued a press release calling an unspecified media report "mentioning the details of policies and claims settled by LIC a speculative and biased interpretation" and stating "these reports are speculative and baseless" (PIB 2022). This press release fails to offer reasons for why estimation based on insurance data would be baseless. 2 Our method relies on extrapolating from death claims (filed only by those who purchased insurance) to death registrations for the entire population. It is possible that the uninsured differ in some demographic parameter (for example, may be younger). However, the stability of the ratio of death claims to registered deaths in the three years immediately preceding the pandemic suggests that "death claims settled" is a good proxy for "deaths registered" in a given year. 3 We have combined claims settlement data from individual and group policies. From Table 1, it can be seen that death claims against individual policies went up more (from 0.846 million in FY 2020 to 1.084 million in FY 2021) in the pandemic period than those against group policies (from 0.998 million in FY 2020 to 1.092 million in FY 2021). However, the age mix or other differences in the two different types of policies is unlikely to impact our estimate, since the total number of claims under each category in each year is not too dissimilar. 4 In calculating the estimates for 2021, we have assumed that LIC represents about 50% of all death claims; 50% is lower than LIC's actual proportion of claims in the pre-pandemic period. Even if the actual share of LIC were to be higher, our method still estimates death numbers much larger than the government's official Covid-19 death numbers. Conversely, a smaller share for LIC would increase the estimate for 2021. 5 It may be noted that a portion of the population may have multiple life insurance policies, for example, two or more policies on the same individual's life. This is unlikely to affect our estimates, given the stability of the ratio of death claims to registered deaths. 6 In our calculations, we have relied on the numbers of death claims settled in the pre-pandemic years. Life insurers have stringent criteria and processes for claim settlement, given that verified claims result in a policy benefit being paid. The process includes death verification via documented proof. Thus, death claims settled correspond to deaths verified by the insurer.

(The writers are Mihir Mahajan and Shekhar Sathe.)

TOP

Things to know before taking the ULIP cover – The Hindu Business Line – 21st May 2022



Unit Linked Insurance Plans or ULIPs offered by insurers are a popular avenue for investors, thanks to the tax exemption on premium payments made and maturity proceeds received, and the flexible market exposure provided in these instruments. Though the tax exemption on maturity proceeds was tweaked in 2021 to limit it to lower premium policies (less than ₹2.5-lakh premium), ULIPs remain a popular choice. However, the policyholder must understand that ULIPs are more a long-term market-linked savings product with bare minimum insurance cover. Here are three things that policyholders should know: The premiums paid by policyholders will be diverted into two main heads. One is the mortality premium which creates the risk cover; The other larger part of the premium will be invested into an investment fund chosen by the policyholder.

This distinction is critical as each part serves a different purpose — the former, insurance and the latter, investment. The death benefit in ULIP is generally the higher of basic sum assured (which is 10 times the annual premium) or the fund value at the time of claim. This implies that only if one pays their entire annual income in ULIP premiums will they receive a life cover worth 10 times the income, making it an improbable proposition for insurance in the early stages when the fund accumulation has not grown to size. This makes getting a death benefit with ULIP in the early period of the policy term a not-so-good

idea. Term insurance, for instance, provides a death cover of 20-25 times annual earnings starting from a premium of ₹15,000 for a 30-year-old. Also, even assuming death claim is made in the later stage of the policy and the fund value is higher, policyholders ideally should not count on investment fund as an insurance cover. Just as assets are funded differently (insurance and investment), the proceeds should also serve different purposes (death benefits through insurance and asset creation through investments.) Some policies also allow for fund accumulation to continue in case of death of policyholder as well. HDFC Life Click2Protect Premium Waiver ULIP, for instance, the premiums are waived on death of the policyholder allowing for continued accumulation of the policy fund. The waiver of premium option is a popular feature with many other providers as well. In this case, the policy works like an investment product.

ULIPs can invest across equity and debt as well as give you hybrid options. Beyond this, strategies based on time to goal, discretionary (based on preference of the policyholder) or pre-defined rule-based strategies (based on valuations and volatility across equity and debt, for instance) are available for investors. This implies an availability of at least five to 15 funds/strategies in ULIPs each with a different allocation to different asset classes. Policyholders can switch between these funds at no cost — starting from at least four switches per year to unlimited switches. But the availability of options should not be the basis for exercising the same excessively. Long-term investing can be successful if one sticks to the basic tenets.. For example, younger age implies a higher time to goal which gives enough room to absorb losses in equities and hence, one can have a higher risk appetite and invest in equity funds. If you do not have the risk appetite or your goals are much closer, hybrid or debt-oriented funds may be better.

Premium payments for ULIP funds continue to be eligible for tax exemption up to Section 80C's ₹1.5-lakh limit. The death benefit received by the policyholder is also tax exempt under Section 10(10)D. The main change has been that benefits received from ULIPs are taxable if the premium paid is more than ₹2.5 lakh per annum. Even if the cumulative premiums paid in a year for ULIPs exceed the limit, the returns from the ULIP are taxable . This has diluted the attractiveness, but is still a valid draw for policyholders. One should have a proper insurance cover before considering ULIPs, which are more of a play on tax-efficient investing than insurance. Time is the other investment one must commit to for ULIPs. With a predominant equity exposure, a minimum five-year lock-in period and long-term goal-based investing (retirement or children's education) would necessitate a minimum 10-15 year investment period for the fund to deliver good value.

(The writer is Sai Prabhakar Yadavalli.)

TOP

GENERAL INSURANCE

India: Non-life sector starts new fiscal year with robust momentum – Asia Insurance Review – 25th May 2022

The non-life insurance industry in India has begun the new fiscal year with 23.3% growth in April 2022, the highest in the past seven months, notes CareEdge (earlier known as CARE Group). Premiums reached INR212.76bn ($2.75bn) in the first month of FY2023 which started on 1 April 2022. The sector's growth, which was 11.1% in April 2020, has recovered to pre-COVID levels driven by the health segment. Crop insurance, however, continued to report a decline in premiums.

General insurers' April 2022 numbers grew at 23.3% vs 19.8% a year ago. This was more than 1.5x reported in March 2022. The continued growth can primarily be attributed to health insurance, followed by motor and fire segments.

Standalone private health insurers (SAHI) continued their growth trajectory as April 2022 numbers reached INR15.50bn from INR12.00bn in April 2021, a jump of 29.1% which was lower than the 48.4% growth reported in April 2021 (due to the pandemic impact because the better part of April 2020 was spent under lockdown).

Specialised insurers reported a decline in premiums in April 2022 with a fall in business in the crop insurance segment. The Agriculture Insurance Company of India received significantly lower premiums in April 2022 that offset the growth in premiums in Export Credit Guarantee Corporation of India.

In April 2022, all segments, barring the crop insurance and aviation segment, showed growth compared to April 2021 when only the crop insurance segment had reported a drop in its premium numbers.

Health insurance premiums have been the main drivers of the non-life insurance industry since the commencement of the COVID-19 pandemic. The health segment has grown by 27.4% in April 2022, which is higher than the growth of 25.8% witnessed in April 2021. This has resulted in the segment increasing its market share from 38.4% in April 2020 to 40.9% in April 2022.

Among the various segments within health, for April 2022, group business continued to hold the largest share at 63%, followed by retail at 24.8%, government at 11.3% and overseas medical at 0.9%. The April 2022 premium growth of the SAHI continues to be higher than the industry average. This has led to SAHI holding 17.8% of the health insurance market (increasing their share from 14.9% in April 2020), while general insurance companies hold the balance 82.2%%, which was lower than the 85.1% share in April 2021.

CareEdge's View

Despite a higher base, the health segment is set to see more demand amid increased awareness post-COVID and digital solutions being complemented by offline offerings. An increase in motor third-party liability insurance premium in FY23 is also likely to aid growth. However, the growth could be limited by any unanticipated adverse impact of a new COVID variant and a rise in reinsurance rates.

TOP

Basic vs Package Home Insurance – Which is more suitable for your house? – Financial Express – 24th May 2022

Natural calamities are a common phenomenon in our country. Therefore, the risk of residential property damages due to floods, cyclones, storms and earthquakes is generally high, and repairing these damages can cost a lot of money. Additionally, Rakesh Jain, CEO of Reliance General Insurance, says, "home is a financially and emotionally valuable asset. Any damage to it could cause mental and financial distress." Hence, keeping certain aspects in mind, home insurance is not only the most convenient way of safeguarding your home but also the most economical one.

Understanding the different types of Home Insurance policies

Home insurance financially protects your residential building and household contents therein from any loss or damage due to fire, riots and natural calamities like cyclones, storms and earthquakes anywhere in the country. Jain points out, "Homeowners can avail of this policy for house structure and contents both, whereas tenants can avail it to insure only contents."

There are two types of home insurance policy – a basic policy and a package policy.

A basic policy which is known as a Bharat Griha Raksha Policy (BGR in short), protects your residence from any loss or damage against fire, riots and natural calamities like cyclones, storms and earthquakes, which may affect your property. This policy can also cover the loss of your home furniture, fixtures, electronic items, and kitchenware due to these events. Note that "even theft of insured contents is covered under the BGR home insurance policy if it happens within seven days as a result of an insured event like fire, riots or natural calamities," adds Jain.

A package policy, on the other hand, offers the policyholder additional coverage along with the features of a basic policy. In addition to fire, Jain explains, "these plans cover riots and natural calamities. A package policy will be beneficial if one wants to ensure protection against burglary, housebreaking and breakdown of electrical equipment, as these are not included in a basic policy."

For instance, if protecting your valuable jewellery from theft whilst at home or even on your person while travelling anywhere in the country is on your mind, or you want to cover the breakdown of electronics like a refrigerator, LED TV, or laptop, then package policy will get you covered. It also covers accompanied baggage during travels.

Deciding factors for coverage

Whether you take a loan for purchasing a house or not, experts advise taking home insurance nonetheless to protect this valuable asset. The extent of your cover usually depends on the type of home you insure. For instance, insuring a bungalow, if compared with an apartment in a multi-storied building, would require coverage for additional structures like compound walls, garages, parking spaces, out-houses etc. While these additional structures are covered by default in bungalows, according to experts, you need to appraise the insurer about them during the insurance purchase.

Jain points out, "Age of the building is another deciding factor for home insurance coverage. While insurers widely cover newly constructed buildings, old and poorly maintained buildings are less preferred for insurance due to high risk." He further adds, "While newly constructed buildings are generally in good conditions and follow safety guidelines, old buildings often lack safety features and regular maintenance and are in poor health." Therefore, the insurance coverage depends on the age and conditions of the building.

Difference in premiums

Premiums for a basic policy, package policy and individual covers vary. However, Jain says, "it is critical to note that basic home insurance is quite affordable, and the premium costs around Rs 2 to 3 per day for an annual insurance value of Rs 10 lakhs." While a package policy costs a bit more than the basic policy, it offers protection to a wide range of items and against several natural and man-made events. Moreover, in both cases, if you take the policy for the long-term, the premium per annum will be even cheaper as you will be eligible for a discount. Jain further explains, "In our mind, home is a safe and comforting place. However, with rising uncertainties, protecting our homes with an insurance policy is the most responsible and wisest thing to do. It ensures protection against major financial setbacks in case of an unforeseen event. But it also safeguards our fond memories."

(The writer is Priyadarshini Maji.)

TOP

What is zero dep insurance and how it differs from comprehensive car insurance? – Financial Express – 23rd May 2022

To make sure you get car insurance claims on time and without hassles, you buy a comprehensive policy. A comprehensive car insurance policy covers the risk associated with own damage (OD) and also covers the third-party risk. But, still one may not get the full claim when the need arises. This is because of the depreciation value that gets deducted resulting in a lower claim amount. Getting a car insurance claim for a lesser amount than what is expected is not something any of us will like.

When we insure a car or any other vehicle, the insured amount is called the Insured Declared Value (IDV) which is arrived at based on the manufacturer's car price and depreciation depending on the age of the

vehicle. Based on the IDV of the car, you pay the premium to the insurer. And, at the time of claim, IDV gets adjusted for depreciation – From 5 per cent, if the car is less than 6-month old, to 50 per cent of depreciation on the car above 5 years old. In addition, for the car parts that can be replaced, the depreciation value is fixed irrespective of the age of the car.

Therefore, at the time of a claim, a car insurance policyholder ends up receiving a lower amount from the insurer because of certain deductions in the form of depreciation. There's a way out to get the full IDV at the time of claim. If one adds a Zero-Depreciation Add-on Cover to the basic policy, the claim is paid in full without any deductions. The Zero-Depreciation Add-on Cover is an optional feature and one has to pay an additional premium to avail its benefits.

If you hold a car cover with Zero-Dep benefit, then at the time of a claim, the full IDV can be claimed without deduction for depreciation and damaged parts. Although the claim is up to the IDV amount, any cost towards normal wear, tear and mechanical breakdowns will have to be borne by the insured. If you are looking to buy a new car, adding this add-on benefit helps. Most insurance companies allows zero-dep cover to be added at the time of an initial purchase of car only. Therefore, there's a difference between comprehensive and zero dep insurance. The former is essential while the former makes it a complete coverage with no out-of-pocket expenses.

(The writer is Sunil Dhawan.)

TOP

Deluged with claims over 2 years, life insurers look to breath easier in FY23 - The Hindu Business Line – 21st May 2022

Death claims and payouts for life insurance companies touched a record high in 2021-22 as the second wave of the Covid-19 pandemic playedhavoc. The sector is however, more upbeat about prospects in the new fiscal and believe the impact of the pandemic on their balance sheet has been contained.

The country's largest life insurer—Life Insurance Corporation of India received 12.75 lakh death claims in the first nine months of 2021-22 as against 11.42 lakh in the full fiscal of 2020-21, according to its public disclosure.

"Our insurance claims by death (net) increased during the pandemic," LIC said in its final offer document filed with the ROC.

For fiscal 2019, 2020, 2021 and the nine months ended December 31, 2021, LIC's insurance claims by death (net) were ₹16,963.77 crore, ₹17,341.81 crore, ₹23,483.33 crore and ₹29,310.73 crore respectively, on a consolidated basis.

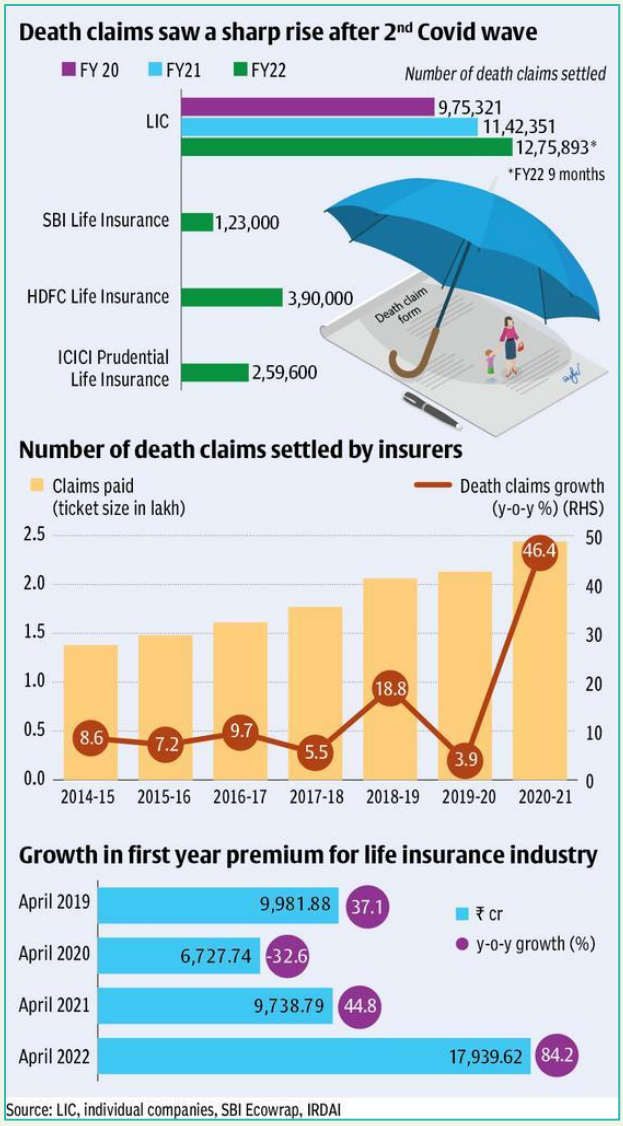
Fourth quarter results of listed life insurers such as SBI Life Insurance, HDFC Life Insurance and ICICI Prudential Life Insurance also reveal elevated claim pay outs in 2021-22.

FY22 claims could be 3x

While full fiscal data for death claims for the industry is yet to be worked out, industry players say it is likely to be at least three times that of 2020-21.

"Mortality experience has risen three to four times. In that sense, the pandemic played out very adversely for the industry but in terms of awareness and digitisation, the insurance industry has actually grown," noted an insurer.

A significant part of the death claims across the industry are due to the Covid-19 pandemic.



The Reserve Bank of India's Financial Stability Report in December 2021 said the life insurance industry received 1.38 lakh claims totalling to ₹13,347 crore for Covid related deaths between April 2020 to September 2021.

"Of these, 1.29 lakh death claims amounting to ₹11,059 crore were settled," the report said.

ICICI Prudential Life Insurance said its total Covid-19 related claims in 2021-22 was ₹2,107 crore as against ₹354 crore in 2020-21.

But with the third wave of the pandemic in January and February this year resulting in milder infections and less hospitalisations, life insurers are hopeful that claims will no longer be elevated. Higher vaccinations are also expected to help.

Focus on growth

The focus now is on growth. IRDAI data reveals that first year premium of life insurers grew by a whopping 84.21 per cent in April 2022 to ₹17.939.62 crore as against ₹9,738.79 crore in April 2021.

While part of this is due to the low base of last year there are expectations that the awareness for life insurance that was created by the pandemic will continue.

"We believe that the life insurance industry is geared to register robust growth over the long term, given the under penetration of life insurance in India and the higher protection gap. Additionally, pandemic related uncertainties have highlighted the benefits of life insurance," Axis Securities said in a recent note.

(The writer is Surabhi.)

TOP

HEALTH INSURANCE

Health Insurance: You can port from a group policy, too – Financial Express – 27th May 2022

A group health insurance policy provided by an employer to the employees comes with its own share of benefits. Not only is the premium low, such a group cover also has a comprehensive coverage with fewer policy exclusions. The premium is generally borne by the employer while some employers include them as a part of the cost to the company. A big concern for employees is that on changing jobs, the coverage drops, leaving the employee without any insurance coverage. This is because, in an employer-provided health insurance policy, the employee stands to derive benefits till the time he or she is on the payroll of a company.

However, the good news is that portability from a group cover to an individual cover is allowed and an employee should make sure to do so before bidding adieu to the employer. The biggest advantage of porting from a group policy to an individual policy is the continuity of benefits.

Here's how continuity benefits works. There are certain 'waiting periods' in a health insurance policy which could be from six months to two years or even up to four years. The insurer is liable to pay for certain expenses only after the expiry of such defined waiting periods in the policy contract. For example, pre-existing diseases are covered in a health insurance policy after the end of 48 months of a continuously renewed policy.

Now, on porting from a group insurance policy, such waiting periods get accounted for and one has to serve a lower or no waiting period in an individual plan. If one does not port and buys a fresh individual policy after leaving group coverage, the waiting periods will have to be served from the beginning. If you are covered under a group health insurance policy provided by your employer, make sure to enjoy the continuity benefit even after leaving your job.

Look at the rules

Portability from group insurance to individual health insurance is, however, subject to certain rules. "Porting from group to individual policy can be done with the same health insurer and not with a different insurer. Also, exclusion of waiting period would apply to same sum assured while for any enhancement of sum assured, it will be subject to normal underwriting," says Shailesh Kumar, co-founder and insurance head, Insurance Samadhan, a platform for resolving insurance complaints.

In most organisations, after resigning, the notice period to be severed by the employee is 1-3 months. If you wish to port from group to individual plan, the process needs to start the day you put in your papers. "It is important to inform the group insurance company about the porting process at least 45 days prior to your last date in the company. Once you have selected the new plan you wish to opt for, you can fill out the required documents with details of the existing plan, medical history, age proof, etc., and submit them before the renewal date of your existing group plan. Once this is done, you can make the required payment and you will have your new migrated individual plan active within a specific duration of your payment," informs Rakesh Goyal, director, Probus Insurance Broker.

Make sure not only to apply on time but also to keep completing the underwriting formailites on time. "Inform the insurer on time about porting the plan and also get the pre-medical check-up done on time if asked by the insurer while porting. Note that group insurance plans usually do not come with any waiting period but in case your group health plan has one, then the balance might be carried forward to the new plan for the same insurer," cautions Goyal. If you have other family members covered in the group insurance policy, you can even port to a Family Floater health insurance, thus ensuring coverage for the entire family without leaving out the continuity or waiting period benefits. So, the next time you switch jobs, do not forget to take your health coverage benefits along with you!

Big benefits

* Porting from group to individual policy can be done with the same health insurer
* Exclusion of waiting period in ahealth plan would apply to the same sum assured
* Inform the group insurer about the porting process at least 45 days prior to your last date in the company
* If family members are covered in the group insurance policy you can port to a Family Floater

(The writer is Sunil Dhawan.)

TOP

Inflation impact: Health insurance becomes dearer, people may opt for lesser cover – The Hindu – 27th May 2022

While the COVID-19 pandemic has created awareness among consumers on the need for having health insurance cover on the one hand, insurers hiking premiums might act as a dampener for a section of people in buying a policy on the other hand, amid inflationary pressures. "It is true that several of the health insurers have increased their premiums by 10-15 percent in some of the products. The rise in premiums is due to the high claims received by the insurers in the last two years. Typically, insurance companies hike the premiums when loss ratios of their health products increase," Rakesh Goyal, director, Probus Insurance Broker, a digital insurance broker, said. In the last financial year (2021-22) insurers have paid COVID-19-related claims worth ₹25,000 crore as compared to about ₹8,000 in financial year 2020-2021. With such an explosion in claims, the premiums were to be increased as health care costs surged and insurance companies stayed away from raising the premiums due to the pandemic, he said. According to a report from Motilal Oswal Financial Services, among Asian Countries, India had seen the highest medical inflation rate of 14 percent in 2021, followed by China (12 percent), Indonesia (10 percent), Vietnam (10 percent), and the Philippines (9 percent).

Elevated loss ratios along with medical inflation have driven Insurance companies to raise prices of both Retail and Group Health plans. While new customers had been impacted by higher prices, existing customers had seen a double-whammy of age-related increases and price hikes, it added. As per Motilal Oswal, for a health insurance plan offered by a public sector insurer with a sum assured of ₹8 lakh, covering one adult aged 68, the premium had increased to ₹59,640 in FY22, from ₹40,195 in FY21. In the same company, for an adult aged 30, a health policy with sum assured of ₹2 lakh the premium had increased only marginally to ₹4,559 in FY22 from ₹4,341 in FY21, it noted. Similarly, in a private insurer, the health plan for a person aged 42 covering two adults and two children with sum assured of ₹8 lakh, the premium has increased to ₹28,977 in FY22 from ₹27,598 in FY21, as per the report.

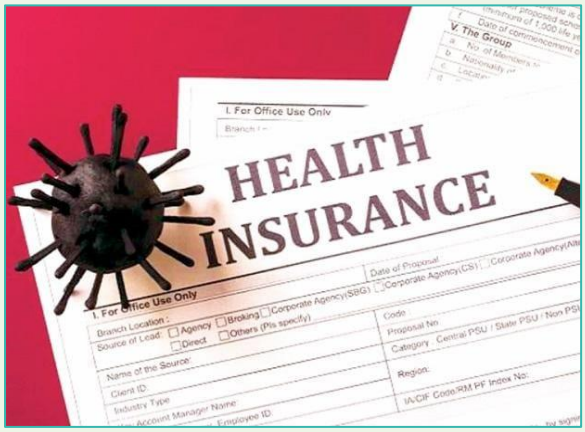
S. Prakash, managing director, Star Health & Allied Insurance pointed out that towards the end of last financial year, his company had hiked premiums on certain products on average by 9-10 percent. "We have taken revision after more than 3.5 years. Medical inflation is there, but price revision alone cannot be the solution for medical inflation. In proportion to medical inflation, we cannot keep on increasing the premium. Rather, we need to bring in some efficiency in managing claims and servicing customers and we are working in that direction," he pointed out. Mr. Prakash said retail health insurance penetration was less than 10 percent. "Health Insurance is a game of larger numbers. As more people are covered, the premium increase won't happen frequently," he said. Balasubramanian, a retired HR professional, said his son had recently renewed the policy covering parents and the premium had increased to ₹34,000 from ₹30,000. He said if there were going to be constant hikes, it would make it unaffordable. Consumer activist T. Sadagopan said higher premiums were only one part of the issue and alleged that the other part relates to inflated medical bills by some hospitals and a lot of claims getting rejected on various grounds. Saurabh Bhalerao, associate director, BFSI Research, Care Edge Ratings pointed out that the health insurance segment saw premiums grow 27.4 percent to ₹8,695.2 crore in April 2022 from ₹6,824 crore in April 2021. "While hike in premiums may make some health insurance products dearer, some people might go for lesser cover to tide over the inflation, even as they maintain some health insurance coverage," he said. Naval Goel, founder & CEO, PolicyX.com, an online insurance marketplace said hike in health insurance premiums was not significant and pointed out that customers should expect hike in premiums every year due to inflation and healthcare costs. If an insurer had hiked the premium and others are offering similar coverage at a lower premium, customers can consider porting the policy, Mr. Goyal of Probus pointed out "Customers should also go for an optimal mix of a base cover and a super

top-up, instead of continuously raising the sum insured on their base cover. This can help reduce the premium cost by as much as 20-25 percent, but adequate due diligence must be done," he said.

(The writer is Sanjay Vijayakumar.)

TOP

Covid effect: Health insurance share in non-life pool hits 40% - The Asian Age – 26th May 2022



The fast spread of the pandemic in the past two years has helped the health insurance segment grab more than 40 per cent share in the overall nonlife insurance premiums.

Health insurance premiums have been the main drivers of the non-life insurance industry since the commencement of the Covid-19 pandemic. The health segment has grown by 27.4 per cent in April 2022, which is higher than the growth of 25.8 per cent witnessed in April 2021.

In April 2022, health insurance premiums stood at Rs 8,695.2 crore, having grown from Rs 5,423.6 crore in FY20, as per a report by Care Ratings.

This has resulted in the segment increasing its market share from 38.4 per cent in April 2020 to 40.9 per cent in April 2022. Within health, group health continues to hold the largest share at 63 per cent, followed by retail at 24.8 per cent, government at 11.3 per cent and overseas medical at 0.9 per cent.

Standalone health insurers registered a higher growth than the industry. Standalone insurers have increased their market share from 14.9 per cent in April 2020 to 17.8 per cent in April 2022. The share of general insurance companies has come down from 85.1 per cent to 82.2 per cent.

Meanwhile, crop insurance premiums declined to Rs 52 crore in April 2022, falling by 38.6 per cent against April 2021 and 60.4 per cent decline in April 2020. Issues such as delay in claims settlement, release of subsidy, and voluntary nature of the Pradhan Mantri Fasal Bima Yojana (PMFBY) scheme continue to hamper the scheme. The share of crop insurance in the non-life basket has reduced to 0.2 per cent in April 2022 from 1.5 per cent in April 2020.

The motor insurance segment has grown in April 2022 at 29.3 per cent. The Motor third party rate has been increased after two years and is expected to account for some growth in the premiums. However, the shortterm auto sentiment continues to be hampered by the chip shortage, lockdown in China, the Ukraine-Russia conflict, high fuel prices and increased interest rates by the Reserve Bank.

(The writer is Sangeetha G.)

TOP

Selecting a health plan for kids with special needs – Live Mint – 25th May 2022

Children with special needs such as those diagnosed with autism or Down Syndrome need special care. With increasing awareness, their requirements are being met but one area that needs urgent attention is availability of insurance. Rough estimates suggest a fixed medical treatment cost of ₹2-4 lakh annually that involves therapies and food supplements. Hardly any policy provides coverage in case the child gets hospitalized. However, some insurance companies and start-ups are stepping up to fill the gap. Mom's Belief, a mental healthcare and wellness provider, has come out with a comprehensive insurance policy—Aadvik Child Comprehensive Care Program—for children with special needs in association with Care Health Insurance, which is the underwriter of the policy. The Aadvik policy comes with both, the in-patient department (IPD) and out-patient department (OPD) coverage. There are four options to choose

from. One can have a combined (IPD+OPD) sum assured ranging between ₹1.5 lakh and ₹4 lakh for a premium in the range of ₹22,955 to ₹44,886, including GST.

Software engineer Naveen Kumar (32) from Bengaluru, who has an autistic child, Yashvi Kumar (3), faced a tough time looking for an insurance policy for his daughter. A long-time customer of Mom's Belief, he was the second buyer of the Aadvik policy. "The policy helps me save about 20 percent in therapy classes. I get basic hospitalization cover for my daughter along with reimbursement for supplements and resource programs," says Kumar. Launched in February 2022, Mom's Belief has sold over 200 policies in the first phase of launch, and over 500 policies in the second. "At the moment, we have close to 400 requests at various stages of closure," says Nitin Bindlish, founder & CEO, Mom's Belief. The start-up is building capacity for at least 1,000 policies a month. In the Aadvik Child Comprehensive Care Program, the OPD cover gets activated from day one. It means parents can avail the cashless claim for the very first therapy the child undergoes after buying the policy. There will be a waiting period of 24 months for pre-existing diseases in the case of IPD claims. Another important aspect is the policy has a family floater option. The child will be the main policyholder but parents and one sibling can be added. "If you have an autistic kid at home, sometimes even parents might require counselling. Even those sessions are covered in the policy," says Bindlish.

However, there are some drawbacks. While the OPD cover gives you immediate benefit, pathology and food supplements are covered on a co-payment basis. It means parents will have to bear certain costs, depending on the tests and supplements involved. Besides, the IPD cover may not be enough and will be restricted to network hospitals under Care Health Insurance. "The Aadvik policy has many restrictions such as pre-existing diseases not being covered for 24 months and limits on hospital room rents and usage. However, it's laudable that an insurer is offering an option to those suffering from neuro-developmental disorders. That itself is a big step forward," says Kapil Mehta, founder, SecureNow. Not many people are aware that the government under the National Trust Act, 1999, offers Niramaya Health Insurance to persons with disabilities. Oriental Insurance Company is the existing underwriter of the policy and Raksha Health Insurance TPA is the third-party administrator. The claim under this policy is available on reimbursement basis for IPD, OPD, medical transportation and even health check-up requirements. The coverage limit currently is ₹1 lakh with defined sub-limits: ₹55,000 for IPD, ₹19,000 for OPD, ₹20,000 for therapies, ₹4,000 for alternative medicine and ₹2,000 for transport. The annual premium for ₹1 lakh coverage is quite affordable. It is ₹250 per person and as low as ₹50 for those below poverty line. Default duration is April -March every year.

Star Health Insurance has an insurance plan—Star Special Care for children aged between three years and 25 years who are diagnosed with Autism Spectrum Disorder. The policy comes with a sum insured of ₹3 lakh with a minimal out-patient cover. The policy also has a co-payment of 20 percent. It means for every claim, 20 percent has to be paid by the policyholder. "Under the policy, the coverage is similar to regular mediclaim health insurance policy but with a special focus on conditions that are common to children diagnosed with autism spectrum disorders like surgery for removal of tonsil / hospitalisation expenses for treatment of seizures/ treatment of fractures including those requiring surgery or botox injection," says Dr. S Prakash, managing director, Star Health and Allied Insurance. Besides, there are networks of parents having such children who help each other with crowdfunding. "There are well-funded societies that support such parents because medical treatment is very expensive. These societies provide financial support through crowdfunding," says Shailesh Kumar, co-founder and insurance head at Insurance Samadhan.

So far as tax benefits are concerned, one can avail tax deduction against premium paid under section 80D of Insurance Tax Act. There is another tax benefit that parents of special children must know. Section 80DD allows tax deduction against medical expenses incurred on treatment of your child. “The tax benefit is limited to ₹75,000 if disability is up to 40 percent, and if disability is over 80 percent then it can go up to ₹1,25,000," says Kumar. “Most of the diseases being discussed fall under section 80 DD. So, parents can avail this benefit," he adds. While the Aadvik policy is fairly comprehensive, parents should go through the benefit table in detail, including the sum insured, OPD benefits in terms of consultations etc, room eligibility in case of IPD and the waiting periods applicable, before buying the policy.

(The writer is Aprajita Sharma.)

TOP

NHA launches revamped ABHA mobile app – Live Mint – 24th May 2022

The National Health Authority (NHA) under its flagship scheme of Ayushman Bharat Digital Mission (ABDM) has announced the launch of a revamped Ayushman Bharat Health Account (ABHA) mobile application.

“The updated version of the ABHA app has a new User Interface (UI) and added functionalities that enable individuals to access their health records anytime and anywhere. Existing ABHA app users can also update their previous app versions to the latest one," NHA said in a press statement.

The application enables an individual to create an ABHA address (username@abdm), an easy to remember username that can be linked with the 14 digit randomly generated ABHA number.

“The mobile application also enables users to link their health records created at ABDM compliant health facility and view them in their smartphones. The application also allows self-uploading of physical health records in the ABDM compliant health lockers along with sharing of digital health records such as diagnostic reports, prescriptions, CoWIN vaccination certificate etc. after the consent of an individual through the ABDM network," it said.

It has new functionalities such as edit profile, link and unlink ABHA number (14 digit) with ABHA address. Other functionalities such as login via face authentication / fingerprint/ biometric and ability to scan QR code at the counter of the ABDM compliant facility for express registration shall also be released soon.

“The ABHA app will be instrumental in helping citizens to create their longitudinal health records. The patients can access their health records with the help of their ABHA address in seconds which will empower them in many ways. It will enable them to save their health history on a single platform and access or share their health records anytime and anywhere without a worry of losing them. This digitization of data exchange will ensure better clinical decision making and continuum of care," said RS Sharma, CEO, NHA.

The Ayushman Bharat Health Account (ABHA) Mobile App (previously known as NDHM Health Records or PHR App) is available on the Google Play Store, and has over 4 lakh downloads. The iOS version of the ABHA mobile app will be launched shortly, NHA said in a statement.

(The writer is Priyanka Sharma.)

TOP

MOTOR INSURANCE

Things to know about pay-as-you-drive motor insurance – Live Mint – 25th May 2022

A pay-as-you-drive motor cover is an assorted comprehensive insurance policy that charges the premiums based on the usage of your vehicle. The policy has two components: third-party cover and own-damage cover. The third-party cover is mandatory, and the premium is determined by the Insurance Regulatory and Development Authority of India (Irdai) as per the vehicle's engine capacity. At the same time, the own-damage premium is determined by actual usage or distance driven. A telematics device (installed in your vehicle) monitors the utilization of the vehicle against the total number of kilometres covered as per the policy terms and conditions. Naval Goel, founder and CEO of PolicyX.com, said, "The pay-as-you-go motor insurance is more economical as you only pay for the part where the vehicle was used. The tenure of pay-as-you-drive policy is one year, and the Irdai decides the third party premium to be charged under the policy. As a result, you pay the premium for the distance you drive. While the premium for the third party policy will not get affected by the distance, you will pay less for own-damage insurance cover if you drive less."

To buy such a policy, you have to go through the standard KYC procedures and fill out the consent form at the time of buying or renewing your existing policy. The pay- as -you-drive policies are available on the insurers' websites, online aggregators, and other offline distribution channels. Ashwini Dubey, head-motor renewals, Policybazaar.com, said, "Preference for pay-as-you-drive insurance policies was seen higher in newer cars (aged less than five years) during the month of April-May. Over 50 percent of customers live in metro cities, the rest divided across the country. Almost 50 percent of users who opted for this policy own a Maruti vehicle." The insurer collects an upfront premium for the policy. Some aspects of this policy may differ significantly from a standard motor cover, so be aware of the exclusions and other provisions. First and foremost, if the vehicle exceeds the policy's specified number of kilometres, the third-party coverage will continue to be lawful, but the insurer will deny the claim for your own damage cover. However, insurers typically provide the option to add more kilometres if usage is high.

Dubey said, "The premium is generally calculated based on the distance driven rather than the time spent in the vehicle. As a result, the long hours spent stuck in traffic will be ignored in favour of the distance travelled. Depending on your needs, you can turn on or off your own damage coverage in certain policies. This, however, only applies to the component of own damage; third-party coverage continues throughout the policy period. If the policy is inactive or turned off, the insurer will not cover any accidental damage to the vehicle. If you revoke the policy or sell the vehicle, the standard benefits provided by the sandbox programme may be lost." Further, you must also remember that if you drive more for some reason within a year, your premium will increase and exceed beyond a regular motor cover. In such a case, the policy might not help you save on the premium cost.

(The writer is Navneet Dubey.)

TOP

Centre notifies new vehicle insurance rates – The Economic Times – 25th May 2022

The centre on Wednesday approved the new base premium rates for third party motor vehicle insurance. These revised rates will be applicable from June 1, 2022. These rates were last revised for financial year 2019-20 and were kept unchanged during the COVID-19 pandemic.

According to a gazette notification from the Ministry of Road, Transport, and Highways, the annual rate of third-party insurance for private cars not exceeding 1000 cc has been fixed at Rs 2,094, up from Rs 2,072 in 2019-20. Under the new rates, third party insurance for private cars with an engine capacity between 1000 cc and 1500 cc has been raised to Rs 3,416 from Rs 3,221 in 2019-20. Larger private vehicles that have an engine capacity above 1500 cc will see the premiums fall to Rs 7,897 from Rs 7,890. For two wheelers over 150 cc but not exceeding 350 cc, the insurance premium will be Rs 1,366 while two-wheelers over 350 cc will command a premium of Rs 2,804.

The three-year single premium for a new car not exceeding 1000 cc has been fixed at Rs 6,521, while for a car between 1000 cc and 1500 cc it has been fixed at Rs 10,640. A new private vehicle exceeding 1500 cc will be insured at Rs 24,596 for three years under the newly notified rates. The five year single premium for two wheelers not exceeding 75 cc is Rs 2,901, exceeding 75 cc but not 150 cc is Rs 3,851, and exceeding 150 cc but not 350 cc is Rs 7,365. A two wheeler exceeding 350 cc can be insured for five years at Rs 15,117 under the new rates.

A new private electric vehicle (EV) can be insured at Rs 5,543 for three years if it is not exceeding 30 KW. If the EV exceeds 30 KW but is less than 65 KW, the three year premium will be Rs 9,044. Larger EVs exceeding 65 KW will be insured at Rs 20,907 for three years. New two wheelers EVs can be insured under five year single premiums for Rs 2,466 if they are not exceeding 3 KW. EV two wheelers exceeding 3 KW but not 7 KW will be insured for Rs 3,273, and exceeding 7 KW but not 16 KW for Rs 6,260. Higher powered EV two wheelers with a capacity exceeding 16 KW will be insured at Rs 12,849 for five years.

(The writer is Twesh Mishra.)

TOP

Get car engine insurance to keep you afloat during rains, say experts – Business Standard – 25th May 2022

Depending on which part of the country you live in, this year's monsoon could hit your city within a week or month. Heavy rainfall poses added risks to your vehicle. First of all, you should have a comprehensive cover and not just a third-party one. In addition, get the pre-monsoon maintenance of your vehicle done and then buy a few add-on covers for holistic protection. Animesh Das, senior director-motor underwriting, Acko General Insurance, says, "Insurance policies come with a few exclusions. If you have add-ons that cover those exclusions, you won't have to pay for them out of your own pocket." A comprehensive insurance policy does not cover damage to the engine or gearbox. During monsoons, roads get waterlogged. Water enters the engine and damages it. The cost of repair can run into several lakhs.

Naval Goel, founder and chief executive officer (CEO), PolicyX.com, says, "The engine protection add-on will cover the cost of repairing your engine if it gets damaged due to ingress of water." Those who buy this add-on must keep one vital point in mind. "Don't try to start the car once it has stalled. That is treated as negligence. If you do so, the insurer will not make a payout," says Kapil Mehta, co-founder, SecureNow Insurance Broker. According to experts, this is a must-have cover for the monsoon. Ashwini Dubey, head-motor renewals, PolicyBazaar, says, "It can save you a substantial amount of money for a nominal premium, which generally ranges between 0.15 percent and 0.2 percent of the insurance declared value

(IDV)." IDV refers to the maximum claim your insurer will pay if your vehicle gets completely damaged, or is stolen. This is another essential cover every vehicle owner must have. "You wouldn't want to be stranded on the road for hours waiting for help. This add-on ensures help reaches you in the minimum possible time," says Dubey. It is not expensive. You will have to pay barely Rs 100-500 for it.

In addition to these must-have covers, you may also buy a few, depending on your needs. According to Mehta, owners of expensive cars in particular should buy the return to invoice, zero depreciation, and key replacement cover. He adds that they increase the cost of the cover considerably, and may hence be less relevant for owners of mid- and small-sized cars. A return to invoice add-on will help you get the full invoice price of your vehicle if it is completely damaged (total loss), or is stolen. The 'key replacement' add-on covers the cost of replacing the car key if it is lost, damaged, or stolen. In high-end models, replacing it can be an expensive affair. 'Zero depreciation' is another useful add-on. Normally, when a vehicle gets damaged and parts have to be replaced, the insurer pays the depreciated value of those parts. If you have the zero-depreciation cover, the insurer pays the full cost.

Tyres suffer considerable wear and tear on Indian roads. During monsoon, the incidence of tyre bursts increases as they get damaged while being driven through puddles and potholes. 'Tyre protector' add-on is also available. It covers you for scenarios such as tyre and tube burst (without being involved in an accident), including labour cost. 'Outstation emergency' add-on is crucial for those who travel outside their cities regularly. "It provides financial protection when you face an emergency situation, like an accident or car breakdown," says Das. If repair takes more than 12 hours, this cover will pay for the cost of hotel stay or of travelling to your destination. Note that all these add-ons come with specific terms and conditions. Go through the policy wording before buying them.

(The writer is Bindisha Sarang.)

TOP

SURVEY & REPORTS

Health insurance biz may not fit with life insurers – The Hans – 25th May 2022

Health insurance is a complex and high engagement product and may be a challenging business for life insurers, said Kotak Securities Ltd in a report. The report was referring to a news report about a committee set up by the Insurance Regulatory and Development Authority of India (IRDAI) may recommend allowing life insurers to sell indemnity (simply expense reimbursable) health insurance policies.

As per current regulations, life insurance companies are permitted health benefit/lumpsum but not indemnity products. Life insurers are interested in the well being of its life policyholders, and hence there may be a synergy between life insurance policy and a health insurance policy. "Health insurance is synergistic to retail term policies. However, health is a complex and high engagement product. It may be challenging for life insurance companies to scale up health in the immediate term; SAHIs (Standalone Health Insurers) will likely continue to gain market share in the interim," Kotak Securities said.

TOP

INSURANCE CASES

Appeal filed by insurance company 'unnecessary' considering 'smallness of amount': Gujarat High Court upholds compensation award of ₹65,200 – Live Law – 25th May 2022

Stating that the Insurance Company had unnecessarily filed an appeal for challenging a small compensation amount in a motor vehicles accident claim, Justice Sandeep Bhatt has affirmed the award of INR 65, 200 passed by the Motor Accident Claims Tribunal and dismissed the appeal of the Insurance Company. The brief facts of the case were that the Claimant (Respondent No. 1) was riding in a rash and

negligent manner on a motorcycle with the Opponent No. 2 as a pillion rider when the Opponent No. 4 driving a tempo hit the motorcycle because of excessive speed. This caused serious injuries and fracture to the Claimant. The claim petition was filed to gain compensation worth INR 3 lakh. However, noting the involvement and liabilities of both parties and the disability claims, the Tribunal declared a compensation of INR 65,200 with 7.5 percent interest for the Claimant.

(The writer is Priyanka Preet.)

TOP

'Pay compensation of over ₹10L to kin of driver who died on duty' – The Times of India – 25th May 2022

Deciding on a case under the Employee's Compensation Act, 1923, the labour court in Aurangabad has ordered an employer and an insurance company to pay a compensation of over Rs 10 lakh to the family of a driver who died of heart attack while on duty. While passing the order, commissioner of employee's compensation and labour court judge V S Deshmukh observed that the driver was employed by respondent number one (employer) and died during the course of and arising out of his employment. The court has directed the employer as well as the insurance company to pay Rs 6.78 lakh with an 12 percent annual interest from the date of the accident to the time of its realisation. In addition to this, the court directed the employer to pay a penalty of Rs 3.39 lakh within three months of the date of judgment, apart from imposing a cost of Rs 5,000 on the employer along with Rs 5,000 towards funeral expenses.

On May 2, 2013, the deceased driver — Sahebrao Sarode from Sillod in Aurangabad district — had gone to a Pune-based sugar factory for delivering sugar cane where he died of heart attack. His wife Kamalbai, through lawyers Sandeep Rajebhosale and VD Kulkarni, moved an application for seeking compensation citing that at the time of death Sahebrao was 42-year-old and was earning a monthly salary of Rs 10,000. During the course of the trial, the insurance company contended that there was no relationship of employee and employer between the deceased and respondent number one and also there was no vehicle accident. The insurance company also submitted that as per the terms and conditions of the policy, the risk of the deceased was not covered under the policy.

Lawyer Rajebhosale told TOI, "During the trial, the employer failed to turn up before the court due to which an exparte order has been passed against him."

(The writer is Mohammed Akhef.)

TOP

Insurance firms refusing claims on flimsy grounds in many cases; shouldn't be too technical: Supreme Court – The Economic Times – 20th May 2022

Insurance companies are refusing claims in many cases on "flimsy grounds", the Supreme Court Friday said while observing that they should not be too technical while settling the claims and ask for documents that the insured is not in a position to produce due to circumstances beyond his control. The apex court observed while allowing an appeal against the August last year order of the National Consumer Disputes Redressal Commission (NCDRC) in a matter pertaining to the settlement of a claim under the insurance policy for a truck that was stolen in 2013.

A bench of Justices M R Shah and B V Nagarathna said that the appellant, who was the owner of the truck, was wrongly denied the insurance claim and the insurance company had become "too technical" while settling the claim and had acted "arbitrarily."

"Therefore, in the facts and circumstance of the case, when the appellant had produced the photocopy of the certificate of registration and the registration particulars as provided by the RTO, solely on the ground that the original certificate of registration (which has been stolen) is not produced, non-settlement of claim can be said to be a deficiency in service," the bench said in its judgement. It noted that the insurance claim was not settled mainly on the ground that the appellant had not produced either the original certificate of registration or even the duplicate certified copy of the certificate of registration issued by the RTO.

It said the appellant was asked to furnish documents that were beyond his control to procure and furnish. The bench observed that once there was valid insurance and the truck was stolen, the insurance company ought not to have become too technical and refuse to settle the claim on non--submission of the duplicate certified copy of the certificate of registration, which the appellant could not produce due to the circumstances beyond his control.

"In many cases, it is found that the insurance companies are refusing the claim on flimsy grounds and/or technical grounds. While settling the claims, the insurance company should not be too technical and ask for the documents, which the insured is not in a position to produce due to circumstances beyond his control," it said. The top court set aside the order passed by the district consumer disputes redressal commission at Durg in Chhattisgarh dismissing the complaint filed by the appellant as well as the orders passed by the state commission and the NCDRC confirming the same.

The bench said the appellant is entitled to the insurance amount of Rs 12 lakhs along with interest at 7 per cent from the date of submitting the claim. "The respondent - the insurance company is also saddled with the liability to pay the litigation cost, which is quantified at Rs 25,000 to be paid to the appellant herein," it said.

The top court noted that the truck was insured for the period from August 22, 2012, to August 21, 2013, and in March 2013, it was stolen after which an FIR was registered and the complainant had also informed the insurance company as well as the RTO regarding the theft. It noted that the appellant had submitted all the documents as sought by the insurance company but the firm failed to settle the claim.

Aggrieved by the delay in settling the claim, the appellant had approached the district consumer disputes redressal commission which disposed of the complaint with a direction that he would furnish a duplicate certified copy of the certificate of registration of the truck to the insurance company within a month and the firm would then settle the claim as per the terms and conditions of the insurance policy.

The appellant said that he had submitted an application before the RTO for obtaining a duplicate certified copy of the certificate of registration of the truck but the RTO denied to issue the same on the ground that due to the report of theft, the details regarding registration certificate on the computer has been locked.

The apex court noted that thereafter, the appellant had submitted an application before the insurance company along with a photocopy of the certificate of registration and registration particulars, as provided by the RTO, but despite that, the claim was not settled.

He then filed a fresh consumer complaint before the district consumer disputes redressal commission, which dismissed it by observing that as he had not filed the relevant documents for settlement of the claim, therefore, the non-settlement of the claim cannot be said to be a deficiency in service.

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IRDAI CIRCULARS

Topic	*Reference*
Motor Vehicles (Third Party Insurance Base Premium and Liability) Rules, 2022	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4714&flag=1
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