भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

INSUNEWS

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QUOTE OF THE WEEK

"With realization of one's own potential and self-confidence in one's ability, one can build a better world."

Dalai Lama

INSIDE THE ISSUE

Insurance Industry	2
Insurance regulation	5
Life Insurance	6
General Insurance	8
Health Insurance	12
Crop Insurance	21
reinsurance	22
Survey & Reports	24
Insurance cases	25
Pension	25
IRDAI Circular	29
Global News	30

INSURANCE TERM FOR THE WEEK

Lapsation

One has to pay premium on the life insurance policy as and when it is due, failing which the policy will lapse, meaning, it will lose all or part of its benefit. Usually a grace period of 15-30 days is given to pay the outstanding premium, without having to pay any additional charges. But if the premium is not paid even during this period, the policy will lapse and you may have to pay a penalty to revive it. The penalty (interest amount) is calculated from the due date and varies with the insurance company.

Once you pay the penalty, the benefits on the policy will get re-instated. Generally, insurance companies give two years to revive a lapsed policy. After two years, there is nothing you can do to revive it.

On a lapsed policy, you will not get the full benefits, be it on death/maturity. In the case of term insurance policies, they will lapse and no benefits will be paid. In others such as endowment policies, you will receive the reduced benefits of the policy.

Source

INSURANCE INDUSTRY

Comforting assurance of an insurance - The Tribune – 10th April 2019

With an increase in the number of Indian students enrolled in foreign universities, sending your child overseas to pursue higher education is no longer considered an unrealistic dream. Nevertheless, you need months of preparations prior to that. From applying to universities to making financial arrangements, you may end up feeling overwhelmed. And, amidst all this, it's not uncommon to miss out on a very important aspect — an insurance cover.

While universities in the US and the Schengen area have made it mandatory for international students to have an insurance policy, the choice is optional in the UK, Australia, Singapore and Malaysia. It's advisable to always go for insurance since it functions as a safety net if your child lands in hot water during his/her stint abroad. For example, a doctor's consultation in the US costs somewhere between $250-300 and without insurance your child will end up spending a week's budget on that.

Choosing the right insurance cover is also crucial; you can buy it either from an Indian insurer or an insurer in a foreign country. However, some universities ask students to buy insurance from them. In such cases, you will have no other option than accepting whatever you are offered.

Which is the best option?
You should go for student travel insurance, as it holds an advantage over regular insurances. In addition to covering accidents and medical emergencies, student travel insurances also cover the loss of baggage, passport and important documents. These insurances can offer cover for up to 2-3 years at one go.

How to pick the right student travel insurance policy?
Carry out extensive research before buying a policy. Preferably, the insurance you pick should provide cover for medical emergencies, expenses for dental treatment, accident, evacuation and repatriation, personal liability, tuition fee, travel and sponsor protection.

There are some policies that also cover bail bond in case of arrest on the basis of false allegations or wrongful detention. The choice must be based on a few parameters such as the size and flexibility of the policy (the amount of money insured), claim settlement process along with track record, hospital network (tie-ups with how many hospitals around the campus) and additional benefits excluding the medical ones.

When you have a tight budget, it's better to go for a domestic insurance provider considering the cost-effectiveness. In fact, the premium charged by Indian insurers is significantly lower as compared to foreign insurers. However, if money is not a constraint, you can opt to buy the policy from a foreign insurer as it will give a more extensive health cover. In any case, you must not overlook the minute but vital details like the sub-limits and deductibles.

What if you need to cancel the insurance?
In case, you need to cancel the student travel insurance, you must justify the reason for cancelling to the insurance provider. First, you have to send a written notice to the insurer 15 days in advance, and the note should include the policy number, a scanned copy of your child's passport and the reason for cancellation. Otherwise, you can cancel the policy within seven days after the date your kid was supposed to leave for abroad. The insurance provider will verify the passport and approve the cancellation.

Today, a few student travel insurance policies provide cover for unforeseen risks like suicide, treatment for mental and nervous disorders, drug dependency, alcoholism, cancer screening and other expenses. Take as much as time you need, but make a wise decision when you are buying a student travel insurance policy.

(The writer is Rohit Sethi.)

TOP

Major change in insurance claim settlement process on cards; Here is how it will impact you – Financial Express – 8th April 2019

Insurance claim settlement process: Receiving the insurance claim money as a lump sum is the only option for the policyholders of general and health insurance products. However, this is set to change as guidelines are being devised to allow insurers to pay the claim amount in instalments rather than in a lump sum. A major change in the insurance claim settlement process is on the cards.

The Insurance Regulatory and Development Authority of India (IRDAI) has released an exposure draft on the guidelines on settlement claims in instalments with respect to personal accident and benefit based products such as critical illness plans. "The same option is already there in term insurance plans. The policyholder has the option to choose the mode of payout either in a lump sum or in instalments," says Amit Chhabra, Head- Health Insurance, Policybazaar.com.

However, such a facility is introduced for the first time in case of general and health insurance products in the country.

"This move is in favour of customers as it provides them with the flexibility to choose the payout option based on their current and future lifestyle needs.

The fixed benefit plans have large payouts and therefore, having a choice to decide on the lump sum or monthly instalment payout will give customers the freedom to utilize the payout as per their needs," says Chhabra.

Currently, the claim amount in a personal accident policy or a critical illness benefit is paid as a lump sum to the nominee or the policyholder, respectively.

However, if the proposals are finally accepted and if the policyholder opts for claim amount to be settled in instalments, the nominees will get a stream of income over a predetermined period of time, post triggering of the claim.

As per the draft guidelines, some of the factors that insurers need to ensure are:

- The claim payment period of the product shall be maximum of five years which shall be subject to product design. The claim instalments shall be spread during the claim payment period.

- The periodicity of the instalment can be on a monthly or quarterly or bi-annual or annual basis which shall be subject to product design.

- The policyholder can opt for the instalment option in respect of Personal Accident and Benefit Based health insurance products and fixed benefit components of indemnity products / fixed benefit riders/add-ons attached to indemnity policies of both Individual and Group Products.

- The policyholders may be provided with an option of choosing either settlement of a claim in lump-sum or in equated instalments or both. Payment of claim amount in instalments shall not be a default option. It shall be in addition to the lump-sum option and shall be allowed based on the option exercised by the policyholder.

- The policyholder may be allowed to opt at any stage of the policy i.e. at the time of policy inception, on renewal, during the policy term or at the point of claims as per the nature of the policy.

- A combination of both the options i.e. a percentage of the sum assured as a lump-sum payment at the time of claim and the balance sum insured in instalments for a definite period may also be offered as a part of product design.

- The instalment option may be offered only beyond a certain threshold limit of the base sum insured, subject to the design of the product.

- The policyholder shall be given an option of altering the mode of receipt of payment of a claim from lump-sum to instalments and vice versa during the policy duration any number of times till the point of claim, which shall be effected in the policy document by placing suitable endorsements.

- Subsequent to the commencement of payment of claims in instalments, an option shall be made available to the policyholder to withdraw this option and seek the future instalment amounts in lump-sum.

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INSURANCE REGULATION

From July 1, insurers to provide claim tracking mechanism - The Hindu Business Line – 10th April 2019

To improve service and ensure timely settlement of claims, the insurance regulator has said all insurers must provide customers clear updates including a tracking mechanism on policies.

The new directive from the Insurance Regulatory and Development Authority of India (IRDAI) will come into effect from July 1.

"Clear and transparent communications play a vital role in servicing of insurance policies and in ensuring that the benefits of insurance policies flow to the beneficiaries in a timely manner," the authority has said, adding that all insurers should send communication relating to issuance and servicing of insurance policies through letter, e-mail, SMS or any other electronic form.

It has also directed insurers to collect mobile numbers and e-mail IDs of the policyholders both at the point of sale and also on an ongoing basis as part of policy servicing. Further, to ensure fairness and transparency, all insurers shall notify about the status of the claim at various stages of its processing, the IRDAI has said.

It has especially underlined this in the case of health insurance, where TPAs are engaged for rendering claim services. "It is the responsibility of insurers to ensure that status of claim shall be notified to the claimant at every stage of claim," the watchdog said.

Every claim will have a unique reference number, which will be communicated to the policyholder, who can then track the status. Further, insurers will also be expected to update customers about every stage of the claim processing and requirement for further documents.

(The writer is Surabhi.)

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Irdai mulls offering installment mode of insurance claim settlement for certain policies - The Economic Times – 7th April 2019

Regulator Irdai is mulling giving policy holders an option to receive payment of claims in installments under certain policies like personal accident (PA) and benefit-based health insurance.

The Insurance Regulatory and Development Authority of India (Irdai) had set up a working group to study a proposal in this regard and the panel had submitted its report in January this year after examining the concept of settlement of personal accident and benefit-based health insurance claims in installments.

Now, the insurance regulator has come out with draft guidelines and sought comments from stakeholders.

Irdai is of the view that the option of settlement of claims in installments will ensure that claimants have regular income for a reasonable period of time upon happening of a contingent event.

The draft guidelines said the policyholders may be provided an option of choosing either settlement of claim in lump-sum or in equated installments, or both in parts. Further, insurers should put in place a procedure to capture the option exercised by the policyholder at the point of sale and at various stages of the policy.

"A combination of both the options i.e. a percentage of the sum assured as a lump-sum payment at the time of claim and the balance sum insured in installments for a definite period of not exceeding the time limits...may also be offered as a part of product design," the draft said. As per the draft guidelines, the claim payment period of the product could be maximum of five years and "the claim installments shall be spread during claim payment period".

Also, the premium rate for the both the options should be same, Irdai said, adding "the total claim amount payable in installment option shall always be higher than the lump-sum option". To safeguard the policyholders' interests and to enable them in taking an informed decision, the draft said the policy wordings relating to the benefit stricture should be in simple language and clearly defined. Stakeholders can offer comment on the draft guidelines by April 17, 2019.

TOP

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LIFE INSURANCE

Life insurance: 5 ways to raise growth momentum of insurance industry – Financial Express – 10th April 2019

The current market, regulatory and legislative structures offer little head room to the insurance industry for exponential growth in the medium term. We would argue for concerted efforts for creating large whitespaces for the industry to invest further.

Customer value
We recommend two special additional tax breaks under Section 80(C) for investments in life insurance plans and pension plans. This special dispensation can help improve industry penetration from 2.76% to over 3% in the next three years. This dispensation would help channelise long-term household savings that could bring in much needed domestic capital for infrastructure investment.

Align tax benefits u/s Sec 10(10)(D)
The I-T Act mandates tax exemption on maturity amount for policies with minimum sum assured multiple of 10 times (10X) throughout the policy term. However, the regulatory flexibility allows for products with 10X/7X multiple and 1.1X and 1.25X multiple for single premium contracts. This regulatory/legislative gap often forces customers to either forego tax-breaks or seek alternate investment options.

Such tax related alignment is likely to create whitespace for offering protection solutions for aged customers who are otherwise unable to find affordable insurance solutions. This is likely to help improve the current growth rates by additional 30-50 basis points (bps) CAGR for the next 10-20 years.

Promote insurance awareness
Despite the life insurance industry paying over Rs 22,000 crore as death benefits in FY18, over 90% of bereaved families did not receive any insurance support. The general lack of insurance awareness keeps a large section of the market away from life insurance coverage. Joint industry-regulatory collaboration will help promote insurance cover a larger cross-section of the society.

Allow for 'use and file' mode

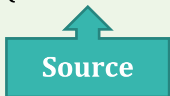
It is getting increasingly imperative to permit life insurance companies to develop new products under defined regulatory frameworks on a 'use and file' basis. A similar practice in the banking industry allows for greater flexibility in product development and alignment in line with market developments. While the regulator has permitted use and file for minor modifications, an extension of the same for new product development will help with speed to market and consequently market expansion.

Inter-regulatory cooperation

Most life insurance contracts yield annual interaction with customers, thereby leading to insurance firms losing connect with customers, especially when agents leave and customers opt for regular electronic payments. Life insurance companies lose 55-60 lakh customers acquired in the last 12 months and almost 28-30 lakh customers lose insurance benefits because of being inaccessible. With banking reaching 100% penetration in the country, the life insurance industry would benefit from inter-regulatory facilitation of know your customer (KYC) and bank account updation. This regulatory support should encompass development of secure infrastructure to access customer address details from the banking and capital market players.

(The writer is Ashish Vohra.)

[TOP](#)



Secure the future of your loved ones with a term plan – Mint – 8th April 2019

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

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

Source: SecureNow Insurance Broker Pvt Ltd

VIPUL SHARMA/MINT

Life Insurance is not about investing your money to earn a return on it, it's about financial protection for your loved ones. And the most efficient way to do that is through a term insurance policy. This policy does not invest your money which means you pay only for insurance and after the policy term ends you don't get any money back. But on death during the policy term, it pays a huge corpus to the nominees that can help them tide over any financial crunch and ensure their live are not thrown out of whack.

A term plan is the only kind of life policy you need to have because it gives you a large cover for low cost. However keep in mind that buying a term plan also needs due diligence at your end when filling up the insurance policy form called as the proposal form. Further, there are many types of term plan to choose from. You should look at the premium (cost of the term plan) and the claims settlement record of the insurer before you decide what to buy.

To help you do just here the premium rates for a sum assured of Rs1 crore across three age categories for a pure term insurance policy. Policy terms are 30, 25 and 20 years, respectively. The claims settlement rate is measured by value of the policies as a lower settlement rate is indicative of high ticket size policies being rejected.

(The writer is Pradeep Gaur.)

[TOP](#)

GENERAL INSURANCE

Now, buy travel insurance at airports at the tap of your phone - The Hindu Business Line – 11th April 2019

You now have a convenient and hassle-free way to buy last-minute travel insurance at airports.

Reliance General Insurance, a subsidiary of Reliance Capital, has introduced a new way to buy travel insurance by tapping NFC-enabled smartphones at select display screens at airports.

To begin with, this facility of buying travel insurance in less than 60 seconds through 'Tap and Buy' has been introduced in Delhi international Airport. This has gone operational from April 8 and more than 46 display screens are in place for this facility.

Based on the experience gained, this is expected to be rolled out at airports in other major cities as well, it is learnt.

All that an air passenger has to do is simply tap his/her NFC-enabled smartphones on the airport display screen. As soon as he/she does that, the phone is prompted to open Whatsapp and the individual can buy travel insurance in less than a minute.

The whole process relies on Near Field Communication (NFC) which is a short-range communication signal.

Rakesh Jain, Executive Director & CEO, Reliance General Insurance, said, "We always aim to focus on leveraging technological advancements to improve the customer experience. Using NFC communication technology, we have aimed to capture last-minute travellers' problem at ease with our TAP & BUY solution, making it possible in just under 60 seconds."

TOP

Source

Paytm to distribute general insurance products this fiscal: CEO - The Hindu Business Line – 9th April 2019

Mobile payments platform Paytm will undertake digital distribution of general insurance products this fiscal, said its Founder and CEO, Vijay Shekhar Sharma.

The proposed foray into general insurance distribution will come on the heels of Paytm expanding in the financial services space through wealth products (SIP registration already launched), stock broking, and planned offer of small consumer loans through partnerships with banks and NBFCs.

At the same time, Sharma made it clear that Paytm was mainly focussed on building its payments system first before spreading its wings.

"We are conscious of the fact that we have to first build payments and then other financial services," Sharma told BusinessLine in a free-wheeling chat on the sidelines of AIMA's 5th National Leadership Conclave in New Delhi. Sharma also said that Paytm is aiming to double its active customer base as well as merchant base this fiscal.

"By 2020, we should be having 50-crore active customers. That is our aim. The biggest priority for us is to advance the payments system deeper into India," he said. As on date, Paytm has over 26-crore wallet users.

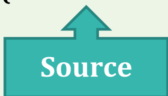
The focus will mainly be on plumbing deep into Tier 4 and Tier 5 towns and to make Paytm payments system as consumer-friendly and trustworthy as possible, said Sharma. "We feel we are obligated to develop the payments system as that is our basic business model. We have been championing payments, even though financial services provide huge opportunities," he said, adding, "We want to be the payment mode of this country at a different scale, and then we want to get into financial services in a big way."

Asked if general insurance distribution would be both online and offline, Sharma said that initially it will only be digital distribution.

"Response of technology-led distribution of financial services has been great. We want to try out things that can be completely digital first and then adopt assisted model," he said. Sharma also felt that it was very important for 4-5 strong resourced companies to drive financial inclusion in Tier-2 and Tier-3 towns.

"It is very important for us, as a country, that we do not get stuck with top 100 million in top cities as cohort customers," he said. Sharma also made it clear that Paytm has no plans to go public for the next two to three years.

(The writer is KR Srivats.)



TOP

How a good travel insurance policy could take the sting out of a disaster during a trip – Mint – 9th April 2019

Perhaps one of the most ignored aspects of trip planning, but also one of the most important ones is insurance. Most people consider travel insurance a waste of money, as it does not provide any tangible output to those who return safely from a trip. Most people don't realise the cost of treatment of a stomach infection abroad, might just become more expensive than the cost of their entire trip. Healthcare is expensive in most parts of the world, especially Europe and North America.

Domestic insurance and travel insurance are not the same. A domestic health insurance policy would only cover you when in India. You don't get treatment in a network hospital abroad.

Travel insurance does not just take care of your medical expenses on the road, but also other situations that could arise. These include flight cancellations, loss or delay of baggage, stolen passports, trip cancellations, terror attack and more.

Travel insurance is easy to buy and can be purchased online these days. Most online travel agents will also sell you a policy very happily, but rather than buy the standard policy, you should always shop around before you put money down on a policy. The reason is that travel insurance, while a very standardized product, still has many catches to look out for, and you would do well to buy one which is the closest to your own personal situation.

One aspect to look for is the cover for pre-existing conditions. Some insurance companies will cover a health emergency caused due to a pre-existing situation and others won't. Many want to see if your condition is stable before underwriting the insurance.

Flight cancellations or delays are another good reason for insurance. Yes, an airline needs to get you to your destination as a part of your contract with them. But there are many a clause where the airline is not obliged to reimburse you in case there is a cancellation or delay beyond the control of the airline. For instance, the bombings at Brussels airport in 2016 left many passengers stranded for days. In such a situation, you could end up spending a lot of money out of your pocket on hotels, meals and other expenses. Here, the insurance company would have stepped in to reimburse insured passengers for the incidental costs that the airlines may have not been able to cover.

Most insurers also provide travel cancellation and trip interruption benefits. These benefits help you cover the financial loss incurred due to cancellation of a trip. These losses could be the cost of the air tickets, hotel bookings or travel packages before the start of a trip or once you are on your way. In the case of cancelling a trip due to unforeseen circumstances, such as a natural disaster, you could claim those from the travel insurance provider.

The travel insurance policy would also compensate you if there is some sort of an issue midway through your trip that causes you to curtail your stay or alter your schedule. Under the trip interruption benefit, they would cover you up to a prespecified limit for expenses. For instance, if you had to head home from Bali early after the earthquakes there last July.

When buying travel insurance, you should consider your own travel patterns. If you are a frequent international traveller, you might want to buy an annual plan that covers multiple trips or a single trip insurance if you don't travel as often. It would work out cheaper for business travellers to have an annual plan.

You should also be careful to check if you are buying primary travel insurance or a secondary one. Primary insurance provides you on-the-spot assistance while secondary travel insurance provides reimbursement. That means you would need to pay the bills upfront and claim reimbursement from your insurance provider.

Some premium credit cards provide travel insurance as a part of their suite of benefits. For instance, American Express Platinum Charge card gives their card members $50,000 overseas medical insurance for the first seven days of a trip from ICICI Lombard General Insurance. Citi Prestige gives members complimentary medical insurance from HDFC Ergo.

So, the next time you pack your bags, make sure you pick up that little piece of paper before you leave the door, because you don't have a crystal ball, and you don't know what happens next.

(The writer is Ajay Awtaney.)

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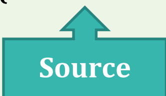


Bite-size insurance: Is it really worth it? – Mint – 6th March 2019

Buying products in small affordable sizes is not a new concept. For instance, shampoos were successfully sold, especially in rural India, in sachets through which the shampoo industry tapped into the lower-end market, which could buy it at a low cost for one-time use. Taking this concept ahead, the insuranceindustry has introduced sachet or bite-sized insurance products in the market. Still at a nascent stage, sachetinsurance products are gaining interest from investors and consumers. Here we looks at bite size insurance products and tells you whether you should buy it.

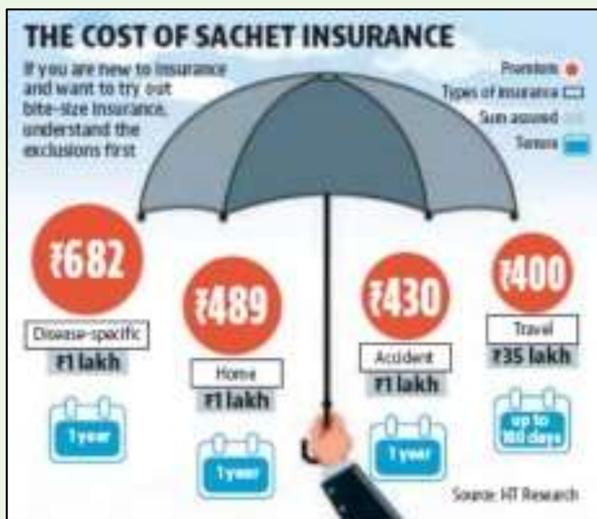
Low premium, low cover

Small-ticket insurance cover, also known as sachet or bite-size insurance, is a non-comprehensive plan, focusing on a specific need and comes with a low premium and lower cover. It is different from micro insurance, which has been around for a while and typically caters to the bottom of the pyramid.

An example of bite-size insurance is the insurance you get with your train ticket on IRCTC website, which is supported by a public insurance company. Insurance companies and online insurance technology companies are building sachet insurance for both life insurance and general insurance. However, currently it focuses on general insurance categories such as health, travel, home appliances and lifestyle needs.

Companies such as Toffee Insurance, Digit Insurance and Mobikwik provide bite-size insurance online. Insurance companies such as ICICI Lombard also offer bite-size insurance, which you will notice when you book airline tickets online. "The sum insured gets defined by the premium.

A premium of up to Rs1,000 per year can be called as sachet insurance and the sum insured will depend on the category where it can go up to Rs4-5 lakh," said Rohan Kumar, chief executive officer, Toffee Insurance. For instance, Digit Insurance offers a holiday home cover for Rs200 excluding tax for Rs2 lakh cover. These insurance products require less documentation for underwriting unlike conventional policies.



Should you opt for it?

Targeted towards millennials who don't have insurance or are first-time buyers, these policies can be a starting point. "There is a large segment that doesn't have any insurance and may perceive threat to certain risks as opposed to complete coverage. Bite-size covers can help individuals get introduced to a product and take certain benefits before she decides to opt for a full fledged cover," says Rahul Aggarwal, chief executive officer, Optima Insurance Broker. But the low cover may not be adequate. Let's consider a fitness insurance plan at Rs430, which offers an accidental death and disablement lump sum up to Rs1 lakh. Although targeted for a section that does not have insurance, it does not really benefit the family in case of death because the accidental death coverage of Rs1 lakh is extremely low. "They are definitely not for everyone as consumers with pre-existing conditions and higher risks will have a different requirement," said Kumar.

Another problem is the insufficient data to establish the claim settlement ratio considering most products have been introduced only recently. And bite-size insurance that have existed for a while have low claim settlement ratio. "For instance, in domestic travel insurance, the claims ratio is 8% of the premium and for overseas travel insurance it is 25-30%. The incurred claim ratio should exceed 50% for any product. It is low because people either don't claim or most claims are not properly paid because of specific conditions that are difficult to interpret," says Kapil Mehta, co-founder, Securenow.com. According to financial planners, it is advisable to have a term plan if you have dependents and a basic health plan in place. If you intend to buy bite-size covers then understand the inclusions and exclusions to avoid last-minute surprises.

(The writer is Sonali Chowdhury.)

TOP

Does floater health plan work for your family? – DNA – 9th April 2019

The importance of having adequate health insurance cannot be disputed, especially given the rise in lifestyle-related ailments and the increasing cost of medical treatment. Instead of buying separate health policies for each member, today a family can easily protect all members by buying a floater health insurance cover. It is cheaper and offers same benefits as individual health policies. Let us understand how family floaters work.

Gaining popularity

Given the popularity of family floater policies, insurance companies are selling more of these today than individual policies. The floater option offers the same coverage as the individual option.

"Majority of our policies cover more than one member from the same family and are opted as floater plans. This is due to the fact that floater plans are more economical, while at the same time they offer the convenience of managing and renewing just one policy instead of multiple individual policies," says Anuj Gulati, MD and CEO, Religare Health Insurance.

As per the Handbook of Indian Insurance Statistics published by Insurance Regulatory and Development Authority of India, 52% policies were sold under family floater in 2017-18 as compared to 40% in the year 2016-17. "The data indicates an increase in sourcing of family floater plans, which are very popular because in a single policy they offer wider coverage to all eligible family members under a floater limit/sum insured with a mild pinch to your pocket," says Roopam Asthana, CEO and whole time director, Liberty General Insurance.

In case of Max Bupa Health Insurance, family floater plans account for 85% of the total retail plans, while individual plans make up for only about 15%, says Ashish Mehrotra, MD and CEO of the company.

The benefits

The first and foremost benefit of a floater policy is ease of management. Both while enrolling for the policy or at the time of renewal, customers need not worry about maintaining multiple individual policies or multiple transactions. "It makes things simple even at the time of filing a claim where just one policy number is required to initiate the process," points out Gulati.

In a family floater, the sum insured is floated across the entire family and this helps in reducing costs. "If you spend Rs 100 for an individual policy, then for two adults, for a similar sum insured, the cost will be about 1.5 times and not double. This is almost a 25% saving. So, instead of Rs 200, the premium will be Rs 150,'' says Mehrotra.

"In a family floater, the possibility of all family members falling ill at the same time is quite low. But on the other hand, individual plans have per member sum insured, so there's no worry of one person exhausting the entire sum insured,'' says Bhaskar Nerurkar, head–health administration team, Bajaj Allianz General Insurance.

To address this issue, some insurance companies offer the restore option. For instance, when the entire sum insured gets exhausted by one member, Religare offers an in-built product feature known as Automatic Recharge of Sum Insured which recharges the entire sum insured that can be used by other members.

Similarly, Max Bupa offers another option in its Family First policy - individual plus floater sum insured. "Each member gets an individual sum insured, plus there is a floater sum insured above this, which is

available to the entire family. This gives you a much higher sum insured at a much lower cost. You first draw from individual sum insured and then from your family floater,'' Mehrotra says.

The maximum number of members that can be covered in a family floater plan is six individuals - the proposer, spouse, two children and dependent parents. A family floater plan provides tax benefit under Section 80D of the Income Tax Act, 1961. Also, a policyholder can double the tax benefit in case he/she pays for dependent parents, says Mahavir Chopra, director - health, life and strategic initiatives, Coverfox.com.

Conditions while buying
For someone who wants a larger cover with small premiums, it is better to have family floater plans. While calculating premium in a family floater plan, the age of the eldest member of the family and number of members are considered. While in individual health plans, the premium is decided based on the medical history of the applicant.

According to Chopra, while it is cheaper to buy a family floater than two individual plans under most circumstances, there are exceptions. If the age difference between the two members is high (such as you v/s your parents) or if one member is likely to fall sick more often.

For example, if policyholders purchase a family floater for Rs 10 lakh, any member can use that amount. But if due to some serious illness, there are large claims, other members will not be able to utilise the entire Rs 10 lakh.

"So for policyholders having senior citizen parents, it better to have a separate policy so their entire risk is covered,'' points out Rakesh Goyal, director, Probus Insurance Brokers. Also, most of the family floater plans available in the market will not allow you to add dependent parents in the plan, adds Asthana.

(The writer is Priya Nair.)

TOP

Source

Health insurers may be allowed to tweak your policy at renewal: Premium could increase - The Economic Times – 8th April 2019

Soon, general and health insurers could make changes in premiums and payment modes, expand the list of riders and day care procedures and more of their policies through a less cumbersome process. An Insurance Regulatory and Development Authority of India (Irdai) proposal seeks to allow 'minor' changes on a certification basis, making it easier for insurers to tweak their approved products.

Changes on the go
The insurance regulator has listed a number of changes that can be made. They include addition or deletion of premium payment modes, change in base premium rates up to 15% of originally approved rates and addition of riders, among others.

Insurers say this will allow them the flexibility to improve products. They can modify products based on customer feedback. "Modifications such as expansion of the list of day care procedures will be a boon for policyholders," says Nikhil Apte, Chief Product Officer, Product Factory, (Health Insurance), Royal Sundaram General Insurance. At present, for each such amendment, the insurer has to file and seek approval through the time consuming 'file and use' procedure.

The proposal will also allow insurers to offer more payment mode options like monthly, quarterly etc. "Upfront payment of annual premium has been a deterrent of sorts in availing health insurance. This will help in making health insurance more affordable," says Bhabatosh Mishra, COO, Apollo Munich Health Insurance. Though the draft also permits deletion of premium paying modes, it is unlikely that insurers

will do so. Any deletion is unlikely as making premium payment less affordable is not in the interest of insurers. Other modifications that could be permitted include change in minimum and maximum sums insured and premiums as well as age at entry. "Extension of premium table to provide premium rates for lower and/or higher ages or longer and/or shorter policy terms or premium payment terms (will be permitted)," the draft note adds.

If the proposal goes through, the changes will come into effect once the insurer's appointed actuary and chief compliance officer certify that they comply with the product regulations in place. For policyholders, the changes will kick in at renewal.

Concerns over premium changes
Proposal
1. Change in premium rates– increase or decrease– up to 15%.
2. Minor changes in policy wordings.
3. Change in premium payment modes.
4. Expansion in list of day care procedures.
5. Addition of critical illnesses in benefit-based policies.

Implications
1. More frequent premium hikes likely.
2. Could be vulnerable to misuse, unless these 'minor changes' are more clearly defined.
3. Most insurers are likely to add, rather than axe monthly/quarterly payment modes, and hence this is a plus.
4. Will expedite addition of latest procedures, reducing the need for hospitalisation.
5. More critical ailments being covered is a positive.

The flipside
However, the move has not gone down well with some consumer activists, who feel insurance companies could use the provisions to undermine policyholder's interest. A key concern is the provision to allow minor corrections—up to 15% increase or decrease—in premiums. "Firstly, 'minor' or 'major' are relative terms. What could be minor for the industry could be major for the consumer. Changes, particularly in terms of premium rates are unlikely to be in the interests of customers," says consumer activist Jehangir Gai. Any increase is a distinct possibility considering age-linked structure and healthcare inflation. This could mean that policyholders will have to brace for relatively more frequent premium hikes, even if capped. On the other hand, insurers argue that any premium change will not adversely affect policyholders.

"The regulator has ensured that the premium correction is not abnormal or abrupt by capping it to a maximum of 15% only. Small and timely correction in premium prevents sudden steep rise and is in consumers' interests," insists Mishra. The draft states that any increase will be allowed only if the company has continuously recorded adverse loss ratio (ratio of claims paid to premiums collected) for the product in the preceding three financial years. Any such increase can be effected only after three years from the product's launch or modification. "If an insurer files products with expected loss ratio of 60% and the actual loss ratio of the product crosses 90%, it can do a price correction of 15%, which will be a quick fix to ensure that portfolio does not become unviable," explains Apte. No price increase for a longer period could result in deterioration of loss ratios and finally lead to steep increases in premiums later, inconveniencing policyholders further. "There should be a formal method of intimation to policyholders about the any changes done. If they are informed well in advance, there should not be any concern," he argues.

However, any proposal that makes it easier for insurers to implement changes, especially premium hikes, is bound to raise legitimate concerns. Those who are uncomfortable with the exposure draft can write in to the Irdai, which has sought comments from all stakeholders, before 11 April to raise objections and address concerns, if any.

TOP

Source

Most states running Modicare through the trust model – Mint – 8th April 2019

A majority of states are implementing Ayushman Bharat, the big-ticket health insurance scheme for the poor, sans private insurance companies.

Instead, either they are employing public sector insurance companies or setting up a trust to implement the Pradhan Mantri Jan ArogyaYojana (AB-PMJAY).

While only nine states have opted for a pure health insurance model, seven states have chosen mixed or hybrid models, in which a majority of insurers are from the public sector. 17 states have deployed the trust model.

Part of the reason, say experts, is that most state governments want to ensure an effective roll out, more so as it is an election season, and avoid any bad press due to faulty implementation.

"It isn't a surprise that few states have chosen the insurance model. RSBY used an insurance model and it had a number of problems, such as states choosing the company that bid the lowest premium. But that gave the insurance company strong incentives to suppress utilization for insurance by failing to do marketing and denying claims," said Anup Malani, the principal investigator on the Indian Health Insurance Experiment, a 12,000 household study of health insurance in Karnataka, which contributed to the Ayushman Bharat project in India.

"The choice is up to the states. Most states have chosen the trust model. The states that have opted for pure insurance model or mixed model, many of them are being served by the public insurance companies also," said InduBhushan, chief executive officer (CEO), AB-PMJAY.

According to the latest update with the National Health Authority (NHA), Andhra Pradesh, Tripura, Arunachal Pradesh, Uttar Pradesh, Assam, Uttarakhand, Bihar, Lakshadweep, Goa, Andaman and Nicobar, Madhya Pradesh, Chandigarh, Manipur, Karnataka, Sikkim, Haryana and Himachal Pradesh have chosen the trust model.

Meghalaya (Reliance General Insurance), Mizoram (Bajaj Alliance), Nagaland (Apollo Munich), Dadra and Nagar Haveli (Oriental Health), Daman and Diu (Oriental Health), Jammu and Kashmir (Bajaj Alliance), Puducherry (Star Health), Kerala (Reliance General Insurance), Punjab (IFFCO Tokio), are running the scheme on insurance mode. In contrast, Chhattisgarh, Gujarat, West Bengal, Rajasthan, Jharkhand, Maharashtra and Tamil Nadu have chosen the mixed model.

While launching the scheme, the centre had provided the states with flexibility to choose the mode of implementation.

"Most states normally start with insurance, move to mixed model and then to trust, as they gain experience and capacity. For example, Arogyasri in Talengana started with insurance in 2007 and then moved to trust in 2012. And, Karnataka and Andhra Pradesh from Rashtriya Swasthya Bima Yojana (RSBY) to trust mode," said Dinesh Arora, deputy CEO, NHA.

"Ayushman Bharat is different from other schemes. We learn and improvise as we evolve. Federal structure is an advantage here. And then we discover which model works best," Arora said.

The government has said that the states are experimenting in AB-PMJAY and trying to find out which model suits them the best. Some have moved from insurance to trust or hybrid, while some are running with their own schemes.

The government has said that the states are experimenting in AB-PMJAY and trying to find out that which model suits them the best. When trust models remains the first choice, for majority of states, some states have moved from insurance to trust or hybrid while some are running with their own schemes.

However, health insurance experts claim that there are downsides of the trust model.

"Unsurprisingly, utilization was very low. Insurance companies did not always share claims data. So the government could not determine whether claim denials were legitimate or what care people wanted. Using a trust model avoids both these issues. So it is not surprising that most states have chosen this. The trust model also has some downsides. For example the government has little experience running an insurance program," said Malani.

"The government is subject to political pressure not to deny even fraudulent claims. The government should not bear the risk of high health costs in case of natural disasters. This would jeopardize funding for other necessary government programs like education," he said.

(The writer isNeetu Chandra Sharma.)

TOP

Source

Despite new law insurance penetration in mental health is poor - Medi Bulletin – 7th April 2019

India faces a rising burden of mental illnesses, but there remains a huge void in awareness and social understanding of mental health issues. There is also a huge gap in health insurance for mental illnesses. Experts and stakeholders in the field along with policy makers came together recently to discuss the issue at a major conference called 'Insure Your Mental Health' organized by Poddar Foundation, a leading institution working in the field.

Research suggests that 1 in 4 people in India deal with some form of mental illness during their lifetime. Mental health experts say rising life expectancy and changing lifestyles have in recent years led to increasing incidence of depression, anxiety disorders and dementia among others. Unfortunately, this aggravating problem receives little attention, particularly due to low levels of awareness and deep-rooted stigma.

Healthcare experts and corporate heads in the insurance sector attended the conference offering different perspectives on the importance of covering mental illnesses in Health Insurance and how to make it a reality. Congress leader Mr. Milind Deora also participated in the event and offered a political perspective.

The World Health Organization (WHO) estimates the cost of mental illness to amount to 6 billion dollars by 2030. However, in a country where penetration of health insurance itself remains low, the question of mental health insurance seems still more far-fetched.

"Firstly, we need to raise awareness among people about how mental illnesses can happen to anybody and how they come with a huge financial and emotional cost. Secondly, we need insurance providers to offer workable and affordable health plans covering mental illnesses without any significant exclusions. In a country where health insurance penetration remains low, keeping premium costs low is very essential. At the same time, we need educative communication campaigns from both government and insurance providers to raise awareness about the need for mental health insurance," said Mr. Nanik Rupani, Principal Advisor Poddar Foundation and Founder, Priyadarshi Academy and Roopmeck Consulting.

Research suggests that 86 percent of the rural population and 82 percent of the urban are not covered by health insurance in India. With the passing of the Mental Healthcare Act (MHCA), 2017, the IRDAI has issued a mandate asking insurance providers to include mental illness in their bouquet of services. However, adequate steps have not been initiated to ensure this provision is enforced in letter and spirit.

TOP

Source

World Health Day 2019: Best critical illness insurance plans in India and what they cover – Financial Express – 7th April 2019

While a lot of people are covered under some kind of health insurance or Mediclaim either provided by the employer or self-purchased, the only expenses these policies cover are for hospitalization when diagnosed with an illness or a minor injury. However, it is very important to be covered under a policy that sufficiently makes for the loss of income and financial drain that you may suffer during the recovery stage. Unfortunately, there are some major critical illnesses that might put you under financial pressure as you may just need to take a sabbatical or even quit your job in order to recover from the illness. In order to cover all these expenses, it is important to have a dedicated critical illness plan.

Some major critical illnesses covered under the policy and their financial ramifications:

Kidney Ailment
As per a recent newspaper report, the number of Indians suffering from chronic kidney ailments has doubled in the past 15 years. According to the statistics, 17 in every hundred individuals in the country suffer from some form of kidney ailment. Moreover, the number of patients undergoing dialysis in India has also increased by 10-15 per cent per year in the last one decade, which also includes young children. Dialysis is a process which artificially replaces the lost kidney function. Though dialysis generally does not require hospitalization, but the person undergoing treatment becomes very weak and may be unable to work for long.

The cost of dialysis in India can cost anywhere between Rs 2,000 and Rs 3,000 per session in a metro city and for two sessions a week, the amount can easily reach around Rs 25,000 per month. A critical illness plan covers the expenses incurred for treatment of kidney related ailment.

Stroke
Stroke is the second most common cause of death across the globe after coronary artery diseases, and surprisingly, developing countries including India account for more than four-fifth of all the strokes globally. As per the report, the stroke incidence rate in India is much higher with approximately 1.8 million Indians suffering from stroke each year. Stroke is basically formation of a blood clot in the brain causing certain functions to be impaired. During a stroke, around 32,000 brain cells are damaged every second that can result in partial blindness, paralysis of limbs, partial or permanent disability, etc.

The treatment of critical illness can up to several lakhs and it is always smart to take a critical illness cover. The plan gives a lump sum benefit on diagnoses of the disease in one transaction that may be used to pay for the treatment, care, and recovery.

Cancer
The total number of cancer cases in India seems to be on an all-time high. According to a recent report, the number of cancer cases in India in 2017 was 15 lakh which is expected to cross 17.3 lakh by the end of 2020. As per a report submitted by the World Health Organization, by the end of the year 2020, every Indian family will have at least one cancer patient and 70-90 per cent of all cancers will be related to lifestyle and environmental factors. Cancer is basically a disease under which there is an abnormal growth of cells within the human body. In all, there are more than 100 types of cancer and the exorbitant cancer treatment cost often goes beyond 20 lakh, including surgery and chemo sessions.

The critical illness plans available in the Indian market offer lump sum payout in case the insured is diagnosed with cancer. However, the payout is rolled out as per the policy terms and conditions, and the stage of the detection.

Cardiac Arrest
In the recent years, India has witnessed a significant rise in the occurrence of heart disease. Detailed estimates of cardiovascular diseases clearly reveal that the prevalence of heart-related ailments has gone up in every Indian state between 1990 and 2018. While the deaths due to cardiovascular diseases have declined in the USA, in India it has rose to by over 34 per cent. During a heart-related disease, the oxygen supply to the heart is blocked due to formation of a clot in the arteries and the person is likely to suffer a cardiac arrest.

As its consequence, the person may need to undergo an angioplasty or an open-heart surgery in order to unclog the arteries. The treatment cost may vary from Rs.1.5 lakh to Rs 3 lakh, depending on the city in which you plan to get the procedure done. Under a critical illness plan, all the treatment expenses are taken care off up to the total sum insured.

Conclusion
Although a Mediclaim policy covers hospitalization expenses, the loss of income which will be a direct result of a critical illness is not covered. Secure yourself financially against these critical illnesses by buying a critical illness plan. It will help you with the financial support needed during your recovery phase.

Here is a competitive analysis of the yearly premium for a CI cover of Rs 10 lakh for a 30-year-old non-smoker male residing in a metropolitan city.

Insurer	Plan	Premium (Rs.)
Apollo Munich Health Insurance	Optima Vital	3,834
Max Bupa Health Insurance	Critical Illness	2,631
HDFC Ergo	Critical Illness Plan	2,949
Reliance General Insurance	Reliance Critical Illness	3,229

*Source: www.policybazaar.com

(By Amit Chhabra, Head-Health Insurance, Policybazaar.com)

Source

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Investing for good health – The Hindu – 7th April 2019

The first insurance you should consider buying is health insurance.

Understanding which policy is best for you can be fairly complex. Let's look at the top three factors to consider — what is covered, what is not covered and how much coverage to takeUnderhospitalisation policies you can claim expenses incurred in India for hospital stay, food, medicines, treatment, surgery and medical professionals' fees.

Many specified day-care procedures are also covered as are related pre-hospitalisation costs, including diagnostic tests for 30 days and post-hospitalisation costs for 60 days.

Treatment at Ayurveda, Unani and Homoeopathy hospitals accredited with the National Accreditation Board for Hospitals is covered up to 25% of your sum insured (SI).

It is very important for you to know the exclusions in any policy. New polices will not admit any hospitalisation claims for the first 30 days except following an accident. If you have a pre-existing medical condition, it will be covered after a specified waiting period, usually 36 or 48 months, of unbroken coverage.

Specified treatments and surgery, even if not arising out of a pre-existing condition, are covered only after a waiting period, say 24 months. They can include cataract surgery, gall bladder surgery and renal failure. The list and the waiting period can vary between companies and policies.

Dental treatment and surgery is a standard exclusion except due to an accident and requiring hospitalisation but several policies now offer them as part of their main fare and some even as outpatient treatment. Apollo Munich Maxima Health has a limited dental outpatient cover and ICICI Prudential Health Saver has a unit- linked insurance plan section that creates a health fund from which dental treatments can be paid for.

Outpatient treatment
Similarly, outpatient treatment is also being increasingly covered in some hospitalisation policies like Bajaj Allianz Tax Gain Plan. Any policy has a coverage value called sum insured (SI) which is valid for the policy period, typically one year. Deciding what is sufficient coverage for you is critical.

A coronary bypass surgery can cost about Rs 4 to Rs 5 lakh today in a large city and if you opt for a private room. A gall bladder removal can cost about Rs1.5 to Rs2 lakh and a total knee replacement Rs3 to Rs 4 lakh.

Smaller cities are also catching up on medical care costs and you can expect to spend about 75% of these amounts. This gives you an idea of the SI you would need. The premium depends on this and your age.Watch out for sub-limits for different heads of expenses, like room rent and fees, in your policy. This could compromise the extent of your claim even if you have sufficient SI.

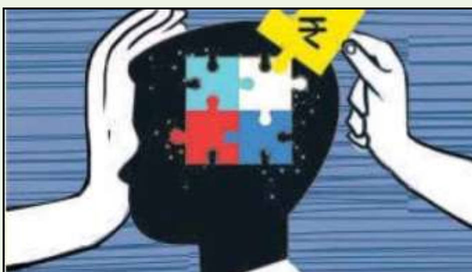
For example, you may have a Rs 5 lakh SI, but if your policy says that room rent, boarding and nursing expenses have a limit of 1% of SI per day then anything over Rs 5,000 a day will have to be borne by you. Should you exceed this limit, your claims for all other expenses incurred at the hospital, with the exception of the cost of medicines, will be paid only proportionately.

(The writer, K. Nitya Kalyani is a business journalist specializing in insurance & corporate history)

Source

TOP

For autism treatment, insurance an issue – Mint – 6th April 2019



Signs of Autism Spectrum Disorder (ASD), a developmental condition that affects a person's social communication and play skills, can be seen in children as young as 8-12 years of age. According to research by Centers for Disease Control and Prevention in the US, 1 in 59 children have autism in their country. "In the absence of good research studies and official numbers, we generally look at the US numbers because it is fairly global," said Dr Koyeli Sengupta, director of Autism Intervention Services at Mumbai-based Ummeed Child Development Center.

According to INCLEN Trust International, 475 of 3,964 children (between 2 and 9 years) had at least one Neurodevelopmental Disorder (NDD). Among children with NDDS, 21.7% had two or more NDDS and 79.6% children with ASD. ASD can have serious emotional and financial impact on the affected person's families. On World Autism Day, we look at the insurance covers available and why it is not enough.

Not enough cover
Under the National Trust Act 1999, the government offers Niramaya Health Insurance scheme for autistic patients. “When it comes to autism, the insurance policy provides coverage for Rs 1 lakh a year for Rs 250," said Aditi Jha, case-cordinator at Ummeed Child Development Center. “The treatments are capped under this plan. For example, Rs 10, 000 annually is capped for therapy sessions."

When it comes to private insurance companies, there is not enough cover. “Private insurance scenario is not good as they do not provide cover to autistic patients or have a waiting period," said Kapil Mehta, founder of Securenow.in. Currently, Star Health Insurance Co. Ltd. is the only private insurer in the market with an insurance plan specifically for autism.

“The premium for a 20-year old is Rs 6,284 annually and sum insured is fixed at Rs3 lakh, it is also the maximum a company offers," said Amit Chhabra, business head of health insurance, Policybazaar.com. In fact, “all insurers have to cover autism by law because mental health issues cannot be excluded and autism falls very broadly in that category," added Mehta. For example, Religare Health Insurance Company Ltd’s Care Freedom plan, covers autism along with other illnesses as well. “The plan is available for a sum insured of Rs3-10 lakh. Premium for a 20 year-old male is Rs5, 383 for Rs3 lakh sum insured and Rs 6, 236 for Rs 5 lakh."

Limitations, exclusions
Star Health’s plan has some limits on specific treatments. For example, hospitalisation for treatment of seizures is capped at Rs 25, 000 and hospitalisation for treatment of fractures requiring surgery is capped at 20% of the sum insured. “Because of the limits, the plan may not work for some patients but it is important to note that Star Health’s plan can be bought only in the child’s name. Plans like Religare’s need to be family floater plans where in the child’s protection is a +1 along with the parent’s," said Chabbra.

“As every health insurance plan has its own limits, parents can review their affordability and requirement and check which plan works for them," said ChitraIyer, CEO of Mumbai-based My Financial Advisor, trustee of Forum for Autism. Chitra said it is better that parents go for a term cover because it is cheaper and will provide sufficiently for a child after the parent’s demise. “Parents can claim tax deduction on the medical expenses spent on their dependent children while autistic individuals themselves can claim a tax deduction under section 80 (U) for themselves," said Chitra, founder of Forum for Autism in India.

“Monthly expenditure ranges between Rs 10,000 and Rs 20,000 for a child with any special need. For autism, it can range between Rs6, 000 to Rs 25,000," she said. Hence, parents should start investing very early in life because not only are they planning for themselves and their retirement but also for their child’s adult life and retirement.

(The writer is Revati Krishna.)

Source

TOP

Centre considers health insurance standardization - Hindustan Times- 5th April 2019

The government has decided to standardize health insurance across the public and private sectors, seeking to reinforce the medicare system and ensure that claims are settled in no more than 30 days.

The National Health Authority (NHA), the implementing central agency for the Ayushman Bharat-Pradhan Mantri Jan Arogya Yojna (AB-PMJAY), and the Insurance Regulatory and Development Authority of India (IRDAI) are collaborating to develop common claims and information technology systems, codify disease treatment packages and improve overall standards in health insurance.

Hindustan Times has accessed the minutes of the first meeting of the IRDAI and NHA joint working group held last month to discuss network hospital management, data standards and exchange of data sets among agencies, fraud and abuse control, and electronic health exchange information systems for claims.

“Health insurance has been one of the neglected areas and a small piece of the overall insurance sector, what we are aiming at is to make it a substantial part of the insurance sector. We are a new player and are working with IRDAI to have certain standards in place that can be followed uniformly,” said InduBhushan, CEO, and Ayushman Bharat.

AB-PMJAY, launched in September last year, provides an annual hospitalisation cover of Rs 5 lakh to around 100 million families in at least 16,000 empanelled hospitals. It is billed as the world’s largest public health insurance programme. Dr Dinesh Arora, deputy CEO, NHA, added, “At the moment, there are information gaps in terms of what diseases are being covered under various insurance schemes, how much is covered, etc. We will prepare a comprehensive report, putting together everything.

“There will be a national benchmark for settling claims in 15-30 days, international coding for each disease, unique ID of each hospital, common standard protocol documentation etc. that will eventually lead to developing gold standards in quality.” The group will work on defining hospital infrastructure and facility audits to understand the capacity of hospitals and availability of specialists, developing a road map for a common list of verified hospitals across schemes for the entire industry.

As part of the collaboration, comparative studies of packages and their rates will be undertaken and existing data formats of PMJAY will be customised to align them with IRDAI formats. “The broad idea is to ensure that health insurance schemes work for the benefit of patients and are also sustainable for insurance companies,” said Subhash C Khuntia, chairman, IRDAI.

Fraud and abuse control is one of the key areas that the partnership will focus on. The team will put together a standard reporting format for fraud and abuse to be used across industry and government schemes. There will be a repository of fraudulent transactions, modus operandi and entities, standards for field verification and investigation, and “name and shame” guidelines, among other measures. The report will be submitted to the NHA CEO within three months and will be the basis for developing a common health insurance system across the country. Insurance providers welcomed the move.

“There was a need for something like this as it will bring uniformity in the sector. Currently, people are offering various products with several frills attached that can confuse a customer. This standardization is much required,” said Bhaskar Nerurkar, head - health administration team, Bajaj Allianz General Insurance.

(The writer is RhythmaKaul.)

Source

TOP

CROP INSURANCE

Farmers in Maharashtra village finally get their crop-cover dues - The Hindu Business Line – 9th April 2019

Following a BusinessLine article dated February 18 (‘when cover for farmers came a cropper’), settlement has been done to 146 farmers of Jalna district in Aurangabad (Maharashtra) under the crop insurance scheme (for Kharif 2017) by the insurer, IFFCO Tokio.

Here’s a quick recap of what had happened: Jalna was badly hit by a drought during the 2017 kharif season with most farmers in the district losing their crops.

Having paid the premium under the crop insurance scheme (Pradhan Mantri FasalBimaYojna or PMFBY in short), they were hopeful that the insurance company will pay for the loss. However, many farmers in the district did not receive the insurance amount.

When the author was in Jalna in February to report on the ground realities in the execution of the Pradhan MantriFasalBimaYojana, the farmers shared their grief.

Interestingly, all the 146 fruit farmers in Jalna district, who didn't get their insurance settlement, had paid their premium through the SBI branch in Badnapur. Others who had paid premium through the Common Service Centres or through banks other than SBI or through branches of SBI other than the one in Badnapur had received their settlement from IFFCO Tokio.

The Manager of the SBI branch in Badnapur was not very forthcoming. He just said that the premium and the documents relating to the farmers had been sent to the insurer. When the author managed to track down the agent, he said that the bank didn't send the details of the farmers on time and this resulted in the company not processing the papers. It also turned out that the insurance company had not applied for the government's subsidy on premium for those farmers.

PMO informed

When BusinessLine published the story on February 18, both SBI and IFFCO Tokio wrote to the paper offering some explanation, but continued to pass the buck.

The paper then took up the issue on social media and brought it to the notice of the State government and the PMO. In a few days following this, the aggrieved farmers got a message from the insurance company that action will be taken on the pending claim settlement.

On March 26, 146 farmers of Jalna were settled their due amount in full. With the region staring at drought this year again, the farmers are happy that they have some money to meet their daily needs.

TOP

Source

Farmers will be paid crop insurance within a week: OPS – The Hindu – 8th April 2019

Deputy Chief Minister O Panneer selvam has said the Agriculture Insurance Company of India Limited has offered to provide crop insurance to all farmers in the district, who had lost their crops to drought in the year 2017-18 and the amount will be credited to their bank accounts within a week.

Addressing an election rally in support of AIADMK-backed BJP candidate Nainar Narendra here on Monday, Mr Panneer selvam said the insurance company had already paid crop insurance of Rs174.06 crore to farmers from 200 villages and assured to pay Rs 281.62 crore to the remaining farmers from 179 villages.

The announcement came as a huge relief to the farmers, who had been fighting for the compensation for more than six months after the insurance company refused to offer full compensation. Farmers, who had insured their crops under the Pradhan MantriFasalBimaYojana (PMFBY) demanded full compensation stating that they had suffered 100% crop loss after the failure of northeast monsoon.

Officials said a total of 1.53 lakh farmers had insured their paddy and other crops raised on 1.25 lakh hectares in the year 2017-18 with the insurance company. The announcement would not amount to violation of model code of conduct for the April 18 elections as this was an ongoing process and the compensation pertained to 2017-18, officials said.

TOP

Source

REINSURANCE

Reinsurance brokers permitted to open foreign currency accounts: RBI – Mint - 11th April 2019

The Reserve Bank of India Thursday said reinsurance brokers have been permitted to open non-interest bearing foreign currency accounts with banks for undertaking transactions.

Earlier, the Insurance Regulatory and Development Authority of India (Irdai) had issued notification in this regard.

Following the Irdai's notification, the extant regulations regarding opening of foreign currency accounts were reviewed.

"... reinsurance and composite insurance brokers registered with Irdai may open and maintain non-interest bearing foreign currency accounts with an AD bank in India for the purpose of undertaking transactions in the ordinary course of their business," the RBI said.

Foreign currency account refers to a bank account held or maintained in currency other than the currency of India or Nepal or Bhutan.

TOP

Source

GIC Re to get 5% cession from general insurers in FY20 – Moneycontrol – 10th April 2019

Insurance Regulatory and Development Authority of India (IRDAI) has maintained 5 percent as the obligatory cession for General Insurance Corporation of India (GIC Re) for 2019-20.

Obligatory cession refers to the part of the business that general insurance companies have to mandatorily cede to the national reinsurer.

This means that for every general insurance policy sold, 5 percent of the premium is ceded to GIC Re, which is the only domestic reinsurer. This percentage of cession is decided by IRDAI on an annual basis.

Reinsurance refers to risk covers taken by insurance companies against the business they write. The general insurance market constitutes 85 percent of the Rs 40,000 crore reinsurance market.

As per IRDAI regulations, GIC Re gets the first order of preference in any reinsurance contracts. While there are branch offices of global reinsurance companies, they are not eligible for obligatory cession.

When general insurers cede a part of the premium, GIC Re is required to share the profit commission, on a 50-50 basis, with the ceding insurer based on the performance and surplus of the total obligatory portfolio of the ceding insurer.

However, no profit commission is payable if the loss ratio exceeds 78 percent. But here, the profit commission cannot exceed 14 percent.

While there was also a proposal for life insurance insurers to cede a portion of their risks to GIC Re, this has not yet been finalised. The proportion of business was to be between 0-30 percent and was to be decided on an annual basis.

TOP

Source

11 cross-border reinsurers allowed to do business in India - Deccan Chronicle – 6th April 2019

The insurance regulator has granted special approval for 11 cross-border reinsurers in the current financial year (FY20). However, the IRDAI has placed a ceiling on the share of the total reinsurance premium that can be ceded to them.

The special approval is based on the submission made by cross-border reinsurers (CBRs) and recommendations made by insurers and reinsuers, IRDAI said in a notification. The 11 cross border reinsurers include, Republican Unitary Enterprise of Belarus, Nepal Re, East Africa Re of Kenya, Russian Ingosstrakh Joint Stock Insurance Co, Vietnam's Bao Viet Insurance Corporation and Asian Re of Thailand.

Apart from the domestic reinsurer GIC Re, a few international reinsurers operate in the country by opening their branches. However, the demand is not fully met, as the credit rating requirements are not sometimes met by these reinsurers and hence IRDAI grants permission to cross-border reinsurers. CBRs are reinsurers who do reinsurance business with Indian insurers without having a physical presence in India.

(The writer is Sangeetha G.)

TOP

Source

SURVEY & REPORTS

Women with life insurance lower than men, says survey; check how India's top 15 cities fare – Financial Express – 11th April 2019

The number of women with life and term insurance policies is lower as compared to men in urban India, according to a survey. The 'India Protection Quotient' survey, conducted by Max Life and Kantar IMRB, said while about 59 per cent of women as against 68 per cent men in urban India own life insurance policies, only 19 per cent women are term insurance owners in comparison to 22 per cent men.

The survey covered around 4,500 respondents across the country's 15 top cities having with an average income of Rs 2 lakh per annum and an age group of 25-55 years. Only about 44 per cent of the youth are aware of term insurance and just 17 per cent own it, added the survey.

It gave cities ratings between 0 and 100 based on the awareness and ownership of life insurance, level of preparedness for future uncertainties and the degree of preference for pure protection plans, among other things. Among the cities surveyed, nearly 43 per cent people in Ludhiana, Punjab, own life insurance, it said.

As per the survey, the industrial city of Punjab stood at the bottom with a protection quotient of 21, far lower than the national average of 35 for urban India. The Protection Quotient of 21 of Ludhiana ranks the city lowest on the scale in comparison to other cities such as Lucknow, Patna, Bhopal, Jaipur, he said.

Additionally, with a low knowledge index score of only 8, majority of the citizens of Ludhiana were unaware of insurance as a category than the country as a whole (knowledge index score of 39), as per the survey.

TOP

Source

INSURANCE CASE

Insurance firm directed to pay Rs 1.18 crore relief to scientist's family – The Times of India – 6th April 2019

A Nagercoil court has directed an insurance company to pay Rs 1.18 crore compensation to the kin of an Isro scientist who was killed in a road accident in 2015. The scientist, Karthik, who was 51 years at the time of the accident hailed from Vetturnimadam in Nagercoil and was working in Isro, Mahendragiri in Tirunelveli district.

On October 24, 2015, he was riding his bike near the LIC office at Vetturnimadam Junction when a vegetable-laden mini goods carrier collided with with his vehicle. Karthik died on the spot. The traffic investigation wing police of Kanyakumari district investigated it before trial began in the chief judicial magistrate (CJM) court.

CJM V Pandiaraj in his order on Thursday directed the insurance firm (United India Insurance) to pay Rs 1,18,78,000 to the victim's family within a month of pronouncement of the judgement. Counsel for the victim's family A Azhahesan said that they would go for an appeal in the high court seeking higher compensation.

He told TOI that they had sought a compensation of Rs 1.74 crore based on the salary calculations and that they are unhappy with the award in the trial court.

Karthik is survived by a wife, daughter and son who relocated to Chennai. The counsel said that the daughter completed and engineering degree and the son is a higher secondary student.

TOP

Source

PENSION

FDI policy in pension sector: PFRDA to frame guidelines to bring clarity - The Hindu Business Line – 10th April 2019

Pension regulator PFRDA will soon frame guidelines to bring clarity on the FDI policy in the pension sector, its Chairman Hemant Contractor said.

The new guidelines are being framed at the behest of the Central Government to provide foreign investors with all the clarity on investment norms at one place.

Currently, the foreign investment regime for pensions is largely linked to the one prevailing in the insurance sector, especially with regard to the FDI cap which is pegged at 49 per cent. Any pure-play foreign pension player has to look at the FDI policy on insurance before firming up investment decisions in the pension sector.

"The government has now asked us to frame guidelines. They (government) have said that both direct and indirect investment should be considered. There was a question mark on what would constitute foreign investment — direct only or both direct and indirect," Contractor told *BusinessLine*.

One of the issues that requires clarity is how foreign investment at the level of sponsors of pension fund managers be counted to determine the FDI cap at the level of pension entities.

It is expected that the proposed guidelines — which when finally issued by the Department of Financial Services — will throw light on how foreign investment levels will be computed for downstream companies in the pension sector.

"The guidelines (on FDI policy) will cover who can come in, how indirect investment will be computed for sectoral caps. It will also look into the 'control aspect'," Contractor said.

Letter to States
Following the Centre's recent decision allowing its employees to opt for private pension fund managers to manage their NPS monies and also have higher equity investments, the PFRDA has written to the States to allow similar flexibility for the State Government employees' who are NPS subscribers.

"If States also agree to this and give their employees wider choice in selection of PFMs and permit equity investments up to 50 per cent, then there will be a big jump in the incremental flow of monies into the equity market," Contractor said.

Contractor, who will superannuate this month, pointed out that State Government employees account for twice the contributions of the Central Government employees for NPS.

As of end March 2019, the total subscriber base to various pension schemes overseen by the Pension Fund Regulatory and Development Authority (PFRDA) stood at 2.74 crore, a jump of 30 per cent during 2018-19. Total assets under management (AUM) for the sector stood at Rs3.19 lakh crore as at end March 2019. AUM grew by Rs 84,000 crore during 2018-19, official data showed.

PFM minimum capital
Meanwhile, PFRDA is also contemplating an increase in minimum capital of pension fund managers to Rs50 crore, from Rs25 crore."We plan to change regulations for this (increase minimum capital requirement). We want the PFMs to provide more infrastructure," Contractor said.

TOP

Source

Government retains GPF interest rate at 8% for Apr-Jun quarter - The Economic Times – 10th April 2019

The government has retained the interest rate for General Provident Fund (GPF) and other related schemes at 8 per cent for the April-June quarter. The rate is in line with that of Public Provident Fund.

The interest rate on GPF was at 8 per cent in the January-March quarter of 2018-19.

"It is announced for general information that during the year 2019-20, accumulations at the credit of subscribers to the GPF and other similar funds shall carry interest at the rate of 8 per cent with effect from April 1 to June 30, 2019," a Department of Economic Affairs notification said.

The interest rate will be applicable on provident funds of central government employees, railways and defence forces.

Last month, the government also retained interest rates on small savings, including National Savings Certificate (NSC) and PPF for the first quarter of current fiscal.

TOP

Source

SC ruling on higher pension from EPFO may pave way for you to become EPS member - The Economic Times – 9th April 2019

A recent Supreme Court (SC) ruling relating to EPS (Employees' Pension Scheme) may open the doors for employees who were till now excluded from EPS to join the scheme. Also, the pension calculation formula may change resulting in increase in pension for employees who have already contributed to pension on full pay in the past. Going forward, the pension may be calculated on the basis of average salary of last 12 months and not 60 months which was the basis till now.

Apart from these, the ruling has also opened doors to all existing members of EPFO to avail option of contributing on higher salary for a higher pension in the future. However, the above is in the realm of 'possible' because EPFO is yet to come out with its view on the impact of the SC ruling. All the above possibilities stem from the fact that the SC has upheld an earlier order of the Kerala High Court striking down a government notification which was the basis of rules relating to the above. This is what has happened:

The SC has dismissed EPFO's appeal against an order of the Kerala High Court. The Kerala High Court had ruled that the Employee's Pension (Amendment) Scheme, 2014 brought in force via notification No. GSR 609(E) dated 22nd August 2014 is to be set aside. Further the HC had also concluded that employees can choose to contribute to pension on higher pay at any point in time and the timeline to exercise such option and restricting the pension contribution to Rs 15000 is arbitrary.

The notification that has been struck down had amended the then existing EPS and brought into force certain changes effective 1st September 2014.

How pension may increase due to change in calculation formula
Saraswathi Kasturirangan, Partner, Deloitte Haskins & Sells, LLP says, "Pensionable salary which is the basis for computing monthly pension would be the average monthly pay drawn in the preceding 60 months before the date of exit as against 12 months earlier, said the notification. Pensionable salary based on 60 months average would normally be lower than that based on a 12-month average because most people. With the notification being struck down, the pension calculation may revert to the 12 months' average basis thereby implying higher pension for employees who have already contributed to pensions beyond the wage ceiling."

Further, in case an employee now chooses to contribute on full basic pay to get a higher pension in future his pension would be higher not just because of higher contribution but also because of the change in basis of calculation mentioned above.

EPS doors may open for employees joined after September 1, 2014 with basic pay above Rs 15,000
Vide notification dated August 22, 2014; new members who joined EPF after Sept 1, 2014 with a basic salary of over Rs 15000 per month were excluded from the EPS. Here's how the door to membership of EPS may have opened now.

Punit Dutt Tyagi, Executive Partner, Lakshmikumaran &Sridharan Attorneys says, "The amendment (excluding the above mentioned employees from EPS) has been struck down and this (employees joining after 1.9.2014 with basic pay over Rs 15000 being excluded from EPS) is no longer the position." Therefore, from legal standpoint, it seems doors of EPS have been opened for such employees.

Puneet Gupta, Director, People Advisory Services, EY India says: "There is no clarity whether the notification no. GSR 609(E) dated August 22, 2014 is set aside in total or only part of the notification which deals with higher pension and which was subject matter before the Kerala High Court is set aside. Given the SC judgement and Kerala HC judgement, there is no clarity on whether the amendment made

vide notification dated 22 August 2014 to the extent of non-coverage of new employees under EPS if their monthly pay exceeds INR 15,000 will continue to be valid.

"As the Supreme Court has upheld the Kerala High Court Judgement, the ball is now in EPFO's court to come out with clarification whether employees having basic pay exceeding Rs 15,000 will now be able to enrol them for the EPS scheme," says Ms Kasturirangan.

How employee can avail of option to contribute on full salary to avail of higher pension in future
Ms Kasturirangan says, "The notification (which has been struck down now) also removed the option for employees to contribute to pension on higher pay, thus capping the contribution to a maximum of 8.33% of Rs 15,000 p.m. for existing members. Prior to this notification, employees could opt for 8.33% of their full basic pay (out of employer's contribution) to be put into EPS. Therefore, the notification being struck down appears to imply that employees (EPFO and exempted establishments) can opt to contribute to EPS on full salary now. Whether this change would be retrospective or prospective is not clear."

"Existing members who were contributing to pension on higher pay (above INR 6500) prior to 1 September 2014 were required to submit a fresh option jointly with their employer to continue to contribute on salary exceeding Rs.15, 000 per month within a specified period. If they have missed the deadline, EPFO may allow them to exercise such option again, post the SC judgment," says Ms Kasturirangan.

"Further, the employee was required to additionally contribute 1.16% of the salary exceeding Rs.15, 000 (this 1.16% was earlier met by the Central Government). If no such option is made, the contribution already made in excess of the wage ceiling limit would be diverted to the Provident Fund Account, along with interest, adds Ms Kasturirangan.

Gupta of EY India says, "To avail option to contribute towards EPS on higher salary, funds will need to re-allocated from EPF to EPS to the extent of the following - for full period of coverage under the EPS: Employer's contribution to EPS at 8.33% of full monthly pay (on which EPF contributions were made) less employer's contribution to EPS at 8.33% of Rs 6,500/Rs 15,000 made earlier (along with adjustment of interest on EPF for prior period). This will reduce amount of lump-sum withdrawal available from EPF on termination/retirement."

Gupta of EY India says, "As the amendment which raised the wage ceiling level to Rs 15000 per month has been struck down, there is no clarity whether, the wage ceiling has now come back to Rs 6,500, thereby reducing contribution to EPS will be Rs 541 per month." The striking down of the August 2014 circular has wide ramifications on employees. Clarifications from the EPFO for the same is necessary.

(The writers are Pragati Kapoor and Preeti Motiani.)

Source

TOP

NPS Tier-I Withdrawal: How and when can withdrawals be made from this pension scheme – Financial Express – 7th April 2019

The National Pension System or NPS was introduced with the aim of providing pension to government employees who joined their services after December 31, 2003. NPS, thus, is basically a retirement product and matures when an employee retires at the age of 60 years.

There are two types of accounts under NPS. While Tier-I Account is a mandatory one and is used to develop retirement corpus, Tier-II Account is optional and there is no restriction on withdrawals. The scheme was made available for the common public between 18 and 60 years of age from May 2009 and subsequently, tax deductions up to Rs 50,000 were allowed on voluntary contributions made to Tier-I Accounts.

At the time of retirement at the age of 60, a subscriber has to invest within three years minimum 40 per cent of the retirement corpus in an annuity plan of a IRDAI-regulated insurance company to get regular pension. The remaining 60 per cent of retirement corpus may be commuted tax free immediately or may be deferred till the age of 70 years.

If an employee retires before the age of 60 years, he/she has to invest 80 per cent of the retirement corpus in an annuity plan.

However, more liquidity has now been infused into NPS by allowing partial withdrawals from Tier-I Accounts.

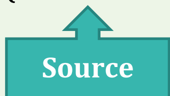
Now, up to three partial withdrawals of maximum 25 per cent each of the subscriber's contributions made on or after August 10, 2017 are allowed out of the mandatory NPS Tier-I account after three years from making the contribution.

However, subscribers are not allowed to withdraw the contributions made by the employer during the subscription period.

Moreover, withdrawals from the Tier-I account may only be made for reasons like –
(1) higher education of children;
(2) marriage of children;
(3) for the purchase/construction of residential house;
(4) for treatment of critical illnesses;
(5) to meet medical and incidental expenses arising out of the disability;
(6) for Skill development and
(7) for establishment of own venture or any start-up.

(The writer is Amitava Chakrabarty.)

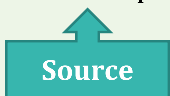
TOP



IRDAI CIRCULAR

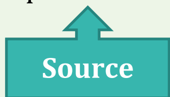
IRDAI issued circular regarding information to the insurance policyholders/claimants about various insurance policy services.

TOP



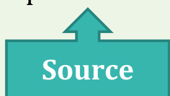
Updated List of Life Insurers is available on IRDAI website.

TOP



Updated List of Non-life Insurers is available on IRDAI website.

TOP



List of corporate agents registered with the authority as on 08 April 2019 is available on IRDAI website.

TOP

GLOBAL NEWS

Australia: Actuaries urge financial institutions to heed their social condition – Asia Insurance Review

Australia's major financial institutions, including insurers, need to better understand their social risks and the social condition of their business.

In a major paper prepared for the Actuaries Institute, authors Ian Laughlin, a former deputy chair at APRA, and HadynBernau, a principal at Finity Consulting, said the 'social condition' of a financial services business – the state of its relationships with its customers, employees, regulators, intermediaries, politicians and the wider community – is "no less important to a company's long-term success than its financial condition".

The authors propose that financial institutions produce an annual Social Condition Report (SCR), in concept like the Financial Condition Report mandated by APRA. The SCR could be as valuable for boards, ASIC and APRA, because of the insights it will provide into the quality of the relationships with society, and the risks to those relationships.

The authors said, "The basic premise underlying this paper is that relationships with key groups in society are so fundamental to the success of a financial services business, and of such great value, that there should be a systematic approach to the management of those relationships.

The paper argues that management and boards often have a poor understanding of their relationships with the social groups with which they have relationships. "Those relationships are often quite poorly managed and nowhere near as strong as the organisation (and other parties) would desire."

Social and relational events can quickly destroy significant business value. And "pedalling a lot harder" at the same tasks to correct deficiencies, including being more diligent, working harder, applying more resources, and improving reporting in the post-Royal Commission world, isn't good enough. "We are sceptical about the effectiveness and efficiency of such responses," the authors said.

Many social risks are being "poorly managed – perhaps not even being identified". The paper states: "it is common for assessments of the current level of a risk (of whatever type) to be based on backward-looking measures – and this can give a very poor indication of the actual risk profile".

Social Condition Report
The concept of a Social Condition Report includes identifying key groups and relationships, assessing and measuring the quality of those relationships and the risks to those relationships in the context of the board's appetite for risk.

It involves a comprehensive and integrated assessment, and it would propose specific actions and defined objectives for management.

"The Actuaries Institute is very supportive of this kind of thought leadership to address broader risks in our industries," said the institute's CEO, Elayne Grace.

TOP

Taiwan: Total life premiums exceed US$106bn in 2018 – Asia Insurance Review

Total premium income of Taiwan's life insurance industry reached NT$3.3trn ($106.8bn) in 2018, according to statistics from the Life Insurance Association (LIA-ROC). The figure represents an increase of 2.7% over the previous year's NT$3.2trn.

First year premiums totalled NT$1.17trn in 2018, an increase of 10.6% compared with 2017. Renewal life premiums dipped by 1.2% last year to NT$2.12trn.

Traditional life insurance business collected NT$2.92trn in premiums last year, marginally lower than the NT$2.93trn posted in 2017. Traditional life insurance products accounted for 88.7% of overall premiums.

Investment-type products saw a premium income of NT$372.04bn, accounting for 11.3% of total premium income. This class of business grew by 34.7% over 2017 in terms of premiums.

To boost sales of life protection products, the Financial Supervisory Commission (FSC) has increased the interest rate on reserves, a move which makes premiums relatively cheaper and aims to increase the willingness of policyholders to purchase life protection products.

TOP

Source

South Korea: Lending by insurers rises in 2018 – Asia Insurance Review

Loans extended by insurance companies last year hit KRW223.5trn ($196.9bn), an increase of 7.6% from the end of the previous year, according to the Financial Supervisory Service (FSS).

Household lending increased by 4.6% to KRW121.8trn, while corporate loans rose by 11.1% or around KRW10trn to KRW100.6trn, reported Yon hap News Agency citing the FSS data.

Among increased borrowings by households, KRW5trn was collateralised by insurance premiums and KRW700bn by homes. Loans to large conglomerates and midsized companies increased by KRW5trn for each category.

The overall loan delinquency rate dropped 0.22 percentage point to 0.29%, with the raised delinquency rate for household lending offset by that for corporate loans. The rate for household lending rose 0.06 percentage point to 0.58%. For corporate lending, the rate fell 0.38 percentage point to 0.12%.

Nonperforming loans totalled KRW613.9bn at the end of 2018, a decline of KRW330.3bn from the end of the previous year.

TOP

Source

Australia: General insurers to discuss legislative changes with regulator – Asia Insurance Review

The Insurance Council of Australia (ICA) will voice its concerns over new product design and distribution laws to the Australian Securities and Investments Commission (ASIC), reported insuranceNEWS.com.au.

The dialogue will centre on how laws passed by Parliament last week will apply to mass-marketed financial products such as home and motor insurance, particularly at renewal time.

"ICA is meeting ASIC in the near future to discuss how ASIC's regulatory guidance might resolve its members' concerns," the association's spokesman Campbell Fuller told insuranceNEWS.com.au.

Insurers say customers will be inconvenienced if information must be re-collected at each renewal and, if not applied sensibly, the regime could increase costs for insurers by more than A$250m ($178m) a year.

Product issuers, including insurers, are required to specify appropriate target markets, and distributers must act to ensure products are sold accordingly under the new laws. The requirement will take effect in two years.

The new laws also give ASIC stronger powers to intervene if it identifies a risk of significant consumer detriment from the sale of a financial product. Those powers take effect almost immediately.

TOP

Philippines: Filipinos have the lowest retirement savings in Asia – Asia Insurance Review

Most Filipinos lack preparation for their retirement, as indicated by respondents to a survey conducted by Manufacturers Life Insurance (Manulife) who only have average retirement savings to last them for 3.6 months. the lowest among eight markets in Asia.

The seven other markets included in the survey are Hong Kong, China, Taiwan, Singapore, Malaysia, Thailand and Indonesia. On average, Asian investors have enough retirement savings for around 2.9 years. Investors in Taiwan have the high retirement savings, which is equivalent to 4.5 years, according to the 2018 Manulife Investor Sentiment Index (MISI).

Ms Melissa Henson, senior vice president and chief marketing officer for Manulife Philippines, said the low retirement savings of Filipinos may stem from the belief that their family members would support them during their retirement, according to a report in The Philippine Star.

“What we found in our survey called ‘Ageing Asia’, that we did three years ago, was that the Philippines actually ranked the highest in terms of expectations that a family member will help support a family member during his or her retirement,” Ms Henson said.

She also cited another MISI survey conducted in 2016, which showed that even some millennials expect to receive support from their children or ageing parents when they retire. According to Ms Henson, this financial expectation resulted in a wide gap between Filipino’s current and ideal retirement savings.

In addition, Filipinos believe that savings equivalent to 2.1 years’ worth of personal income would be enough for retirement, the lowest expectation in the region. She said the ideal savings level for Filipinos should be at least 10 years.

“Assuming you will retire at 60, the average life expectancy in the Philippines is close to 70 years old. So that’s at least 10 years of life expectancy beyond retirement. That’s the minimum that we should save for,” she said.

The survey also shows:
84% of the Filipino respondents said they are looking to continue working after their retirement, either on a full-time or part-time basis.

About 66% of the respondents said this is to keep them busy and occupied, 65% said this would be good for their physical and mental health, and 63% said they would like to pursue their interests and to enjoy life.
59% of respondents said they expect to keep working beyond retirement due to financial considerations, such as maintaining or improving their living standards.

TOP

Australia: Natural treatments lose insurance rebate – Asia Insurance Review

Since 1 April, Australians have no longer been able to claim a rebate on their private health insurance for natural medicines and treatments such as naturopathy, yoga and Pilates.

The federal government has drawn up a list of natural therapies private health insurers are now "banned" or "prohibited" from funding because the treatments are deemed to be lacking in scientific evidence, reported ABC.net.

However, Private Healthcare Australia chief executive Rachel David said, "In terms of the financial impact on health funds, it's very minimal. These [natural treatments] were not a big source of health plan claims."

The decision to stop paying rebates was made in consultation with stakeholders such as doctors' groups, the federal government and the insurance industry, she said.

The government said the prohibition would "remove costs from the system and contribute to reducing the costs of private health insurance premiums", which a recent survey showed was a concern for 82% of all households.

There are some loopholes, however, through which a claim can be made for some of the treatments. For example, if a patient sees a physiotherapist who incorporates some Pilates techniques into treatment, that is OK — as long as it is not advertised as Pilates.

If a massage therapist uses some shiatsu techniques, a rebate can be claimed only if the treatment is "remedial massage", and not listed as shiatsu.

TOP

Source

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