भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

INSUNEWS

Weekly e-Newsletter

11th – 17th January 2020

Issue No. 2020/02

QUOTE OF THE WEEK

"There is little difference in people, but that little difference makes a big difference. The little difference is attitude. The big difference is whether it is positive or negative."

W. Clement Stone

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Revival Period

Definition: Insurance policy lapses when the insured defaults on the payments of renewal premium beyond a grace period. Insurance companies provide an option of reactivating the lapsed policy, within a specific period of time post the grace period. This period offered by the insurer to revive the policy and avail benefits pertaining to it is termed as revival period.

Description: During the revival period, the policy is reinstated on the basis of certain conditions. In one case, the policy holder needs to pay the interest along with the unpaid premium. In another case, the policy holder needs to undergo medical tests in order to reinstate the policy.

Source

INSURANCE INDUSTRY

Technology acting as catalyst for India's InsurTech revolution – Consultancy – 16th January 2020

The growing interaction between technology and big data is transforming India's InsurTech sector at a rapid pace, writes Madhur Singhal, Managing Director at Praxis Global Alliance, a management consulting and business research firm.

The insurance sector in India is expected to grow to $150 billion by 2023. One of the factors boosting this growth is the increasing customer reach and growing customer sophistication on service levels which is creating a new wave of InsurTech companies changing how insurance is sold and serviced.

The internet-first insurance platforms are receiving positive customer feedback because of the quick service they provide, coupled with mobile-first convenience, as compared to interaction with the agents.

The insurance sector in India is now witnessing a rise in the number of players innovating with technology through differentiated offerings and business models. New distribution platforms and aggregators touching multiple products in insurance have emerged. Incumbent insurers are also not behind and are making rapid strides in adopting technology in customer acquisition, policy issuance, claim submission and processing and other areas of customer support.

So how is technology transforming the insurance industry in India? Initially, InsurTech started with online platforms for discovery. Now, most digital population goes online to discover, compare and purchase insurance products. This trend is more pronounced in relatively simpler products like motor insurance, but even relatively complex ones like health insurance also have a strong digital influence making it more convenient for the customers.

For consumers

Gradual shift from 'push' to 'pull': Consumers in the metros and tier 1 cities are becoming habitual buyers of insurance and are getting comfortable in buying insurance without much assistance. Consumers are actively learning how to compare and buy insurance products on e-platforms and tightening compliance about buying motor insurance is bringing more consumers under the insurance umbrella.

Growing consumer expectations: Customers now expect on-tap service and a seamless experience from purchase to claims to renewal. Boston Consulting Group estimates that the number of internet users in India will be 850 million by 2025 and most of them will be connected via their smartphones. As insurers are becoming more digital and getting closer to the point of sales in the offline world, penetration of insurance is set to increase.

Growing 'preservation mindset': Consumers are increasingly getting more conscious of preserving and extending the life of their assets, be it their home, expensive phones, automobiles, and consumer appliances.

For insurance providers

Lower cost of distribution and servicing: Insurers are leveraging technology to assess the condition of the underlying asset, enable the raising of claims, do a remote inspection for minor injuries or damages and deliver a seamless customer experience. Most of these services were dependent on agents, field team or third party agencies earlier and needed extensive coordination at the insurer's end driving costs up.

InsurTech startups are processing millions of customer conversations to create artificial intelligence and natural language processing powered chat bots that are fast being deployed on front lines of support. These chat bots can auto-respond to claim related queries, FAQs, can help in product discovery and are designed to be easily integrated on the website via APIs. Even offline agents and brokers are being enabled digitally.

Capital backing internet first insurers: Internet-first insurance platforms have raised $2.2 billion globally in 2018. Like in the USA and Europe, internet-first insurance platforms have received $734 million in funding to date, as per PGA Labs research.

New innovative products: Seamless connectivity and micro-payments are enabling new insurance use cases. For example, InsurTech players have started to give the option to commuters to insure their rides on a cab to cover loss of property and damage aligned to changing commuting trends in India.

Also, the sachet approach followed by health insurers to offer insurance cover for specific instances such as seasonal diseases like Dengue has allowed some tech-players to sell insurance through tie-ups with traditional insurance firms. Even incumbent insurers are offering bite-sized per-day and per-week insurance for domestic travel trips.

Superior underwriting: From leveraging telematics to social score in underwriting, new age InsurTech companies are preparing to provide customised and economical insurance products.

Other countries have started tracking driver performance, are tracking wellness through fitness trackers, coming up with pay-as-you-drive insurance based on an individual's driving habits to name a few.

These companies collect various data points from driver behaviour, health, performance, geo-location for motor insurance or a person's social media behaviour, connections, affiliates to underwrite the risk more accurately for the insured individual.

In conclusion

The insurance sector is undergoing speedy transformation with digital and data analytics advancements. As the population in the country become more digitally savvy, multiple players are preparing to ride the emerging opportunity.

At Praxis Global Alliance, we believe that in the next five years, there would be significant uptake in full-stack digital insurance models, as insurers utilise big data to its complete capacity and leverage the internet to distribute and service cheaply.

TOP

Source

BSE, Ebix to launch insurance distribution business in February – Financial Express – 16th January 2020

Asia's oldest exchange BSE and its JV partner Ebix are set to launch their insurance distribution business next month. The venture, branded BSE-Ebix Insurance Broking, will enable distribution outlets, wealth management advisers, and Points of Sale Persons (PoSPs) to sell life and non-life insurance products.

Penetration of insurance has remained low in India compared with other countries and this move is likely to improve the reach of life as well as non-life insurance products in the country.

According to the Insurance Regulatory and Development Authority of India (Irdai), insurance penetration (both life and non-life) for 2018 was just 3.70% whereas other countries such as Thailand, Australia, Singapore and Germany have a penetration of over 5%.

Ebix, a leading international supplier of on-demand software and e-commerce services to the insurance, financial, healthcare and e-learning industries, on January 7 announced that it had received a formal approval for certificate of registration to act as a direct insurance broker (life and general) under the IRDAI (Insurers Brokers) Regulations, 2018.

BSE MD & CEO Ashish kumar Chauhan said: "We are planning to launch the insurance distribution business by early February and have completed a bouquet of financial products, including insurance. We want to empower our distribution partner with the best of technology for insurance." He also added that products would be sold PoS persons.

According to Irdai, PoSPs for life insurance are individuals who have the minimum qualification and have passed the examination conducted by either the life insurer or the insurance intermediary. Point of sale products in life insurance mean plain vanilla products wherein each and every benefit is predefined and clearly disclosed upfront at the time of sale. While for non-life insurance, a person who can solicit and market only certain pre-underwritten products approved by Irdai will be point of sales person. For example, many products in motor, travel and personal accident insurance require very little underwriting and are largely pre-underwritten products.

In a recent interview with FE, Chauhan had said margins in the traditional stock broking industry have come down to zero or negative and focus was on the distribution side which had higher margins for their members.

BSE-Ebix aims to offer choices to customers besides reaching to remote villages across India to access these products. The venture will make use of the reach of both BSE and Ebix Cash and would cover the entire insurance life cycle – from customer relationship management, agency management, multi-quoting, underwriting, policy creation, and claims filing to the insurance company and coordinating with it for settlement, and back-end insurance policy administration.

[TOP](#)

Source

Fewer people approach insurance ombudsmen - The Asian Age – 15th January 2020

Increase in pendency is making fewer consumers approach ombudsmen for their complaints against insurance companies.

Pendency, or the number of complaints pending at the end of the fiscal against the total number of complaints filed in the year, has been largely on the rise in the case of ombudsmen for the insurance sector. There are 17 ombudsmen centres across India, which received 22,664 complaints in 2018-19. The pendency was 7.68 per cent at the end of 2016-17. This increased drastically to 38.06 per cent at the end of 2017-18. At the end of 2018-19, the pendency stood at 34.27 per cent, though in absolute terms the pending cases went up from 10,583 in FY18 to 11,395 in FY19.

Despite the number of consumer complaints rising, those being filed with the ombudsmen has been coming down. In 2016-17, ombudsmen received 27,627 complaints, which came down to 25,478 in 2017-18 and further to 22664 in 2018-19.

TOP

Source

IFRS to enable greater disclosure by insurance firms: Pravin H Kutumbe, Member, IRDAI – Financial Express – 14th January 2020

Insurance companies in the country will have to make greater disclosures under the new International Financial Reporting Standards (IFRS), Pravin H Kutumbe, member, finance & investment, Irdai, has said.

He added that the insurance industry players will not just disclose numbers but also the logic and reasoning behind these numbers.

Kutumbe was speaking at the CD Deshmukh Memorial seminar organised by the National Insurance Academy here.

Kutumbe urged the academy to conduct more training programmes in corporate governance, enterprise risk management and risk-based supervision programmes.

In the last two decades, 24 insurance companies have come up in the country and most of them are poised for listing, and it is difficult to find how the value is created and under the new disclosure standards the value creation will be known, he pointed out.

Three companies have got listed so far and they are trading at high valuations and there are long-term valuation gains seen, he said. Understanding value creation in the insurance industry was a complex area and needed work on, he added.

"An area we are worried about is the stress coming into the industry and how to address that. This cannot be overlooked, considering what has happened in the financial services sector," Kutumbe said.

TOP

Source

What insurance industry expects from Budget 2020 – Outlook – 14th January 2020

Insurance industry is expecting positive move in the upcoming budget and wants the government to focus on bringing more people under the ambit of life, health and general insurance.

According to latest Insurance Regulatory Development Authority of India (IRDAI) annual report India's life insurance penetration in 2018 is 2.74 per cent and non-life is 0.97 per cent and overall industry is 3.70 per cent.

Kamlesh Rao, MD and CEO, Aditya Birla Sun Life Insurance says, "In a country with inadequate social security, protection offered by life insurance is inevitable. However, lack of its penetration is plaguing the industry. We expect the government to focus on bringing more people under the ambit of Life Insurance, promote long-term savings and encourage capital formation."

To encourage first time insurance buyers and women to ensure their lives and savings Women comprise roughly 48 per cent of the total population. In 2018-19, women bought 103 lakh life insurance policies and contributed Rs 36,525 crore of premium (individual life insurance new business).

Rao adds, "Introducing separate deduction of Rs 50,000 for first time life insurance buyers and an additional capping of Rs 50,000 for someone purchasing a pure protection (term) plan will put life insurance on fast track. Encourage women to insure their lives and savings with extra tax benefit for women policyholders will be a significant step. And relaxation of section 10(10)(D), where minimum sum assured is required to be 10 times of annual premium will be a desirable move."

The penetration of non-life insurance, which is still low at a 0.97 per cent compared to developed economies, can be increased with the support of the government. Considering the rising healthcare cost in the country has increased the basic premium for many of the tax payers in the middle-age and senior citizens.

Warendra Sinha, MD & CEO, IFFCO-Tokio General Insurance says, "The current limit for health insurance benefit as per Section 80D should be enhanced for individuals to Rs 75,000 from the current level of Rs 25,000. For senior citizens, who are 60 years or above, the current maximum limit is Rs 50,000. The limit for senior citizens should also be accordingly increased to Rs 1 lakh, as the basic premium rates are higher for this age category."

To build a home, an individual allocates one's entire life's savings. The government's Housing for All' agenda is providing a fillip to home building. However, natural calamities like floods, cyclone have caused immense losses to most of the dwelling units and its contents. If the building along with contents of the house are protected with an adequate home insurance, the financial burden could have been reduced.

"I feel that like section 80D for health insurance, a separate section for deduction should be available for home insurance, covering both building and its contents. There is a need to protect this asset against natural calamities like floods and cyclones which are occurring with increasing frequency every year", remarks Sinha.

Industry experts also want measures to bring parity between pension products offered by life insurers and NPS. Lowering rate of GST at 12 per cent (with input tax credit benefit) will be beneficial for both policyholders and companies. These measures will pave the growth path for the life insurance sector, besides increasing the security net of the nation's people at a very low cost. The removal of GST will reduce the cost of a policy, making insurance affordable for individual policyholders.

(The writer is Nirmala Konjengbam.)

TOP

Source

Indian government may open its insurance and aviation industries to foreign investors - Industry Global News 24 – 13th January 2020

In an effort to revitalize a slowing economy, the Indian government may open its insurance and aviation industries to foreign investors.

The Ministry of Finance proposed to raise the limit on foreign direct investment in Indian insurance and pension firms from the current level of 49 per cent to 74 percent.

Additionally, the government wants to allow foreign airlines to own Indian carriers. Easing the restrictions on FDI in the aviation sector could potentially help attract buyers for beleaguered national carrier Air India, which the government has tried to sell off. The government is also finding a bidder for Jet Airways, an international air carrier based in Mumbai that has been grounded since filing for bankruptcy since April 2019.

In fact, government rules currently forbid any foreign investor from taking control of an Indian airline which has a board of two-thirds of the members being Indians. The ministry also wants to allow more FDI in its management of railroads, education, and rental housing companies. (FDI is currently banned on Indian trains).

The government is also looking to sell Bharat Petroleum Corp., its second-largest state refiner, as well as Shipping Corp. of India Ltd., the country's largest shipping company. Last year, in order to attract foreign investment, the Indian government relaxed foreign investment policies in retail, manufacturing and coal mining industries.

FDI currently accounts for less than 2% of Indian gross domestic product–the government wants this amount to increase to 6%. For the six months ended September 2019–the first half of the current fiscal year–FDI inflows into India increased by 15 percent to $26 billion.

Singapore was the single largest source of FDI with $8 billion in investment into India. Mauritius ($6.36 billion) followed Singapore, the US ($2.15 billion), the Netherlands ($2.32 billion) and Japan ($1.78 billion).

Education ($4.45 billion), computer software and hardware ($4 billion), telecommunications ($4.28 billion), and vehicles ($2.13 billion) received the largest foreign inflows. Guru Prasad Mohapatra, secretary of the government's Department of Industry Promotion and Internal Trade, said that a downturn in the global economy has not affected FDI inflows.

"This year, FDI growth has been very good and I am quite hopeful that India's FDI story will continue unabated with these policies and initiatives, and continue to grow at a healthy rate," Mohapatra said.

TOP

Source

Consumer complaints up for PSU insurers – 13th January 2020

Customer complaints against public insurers have been rising in the past two years, while those against private insurers have been on a downward slide.

In the life insurance space, LIC saw complaints rising from 30,784 in 2016-17 to 77,184 in 2017-18 and to 1,02,127 in 2018-19—a growth of 150.72 per cent in the first year and 32.31 per cent in the second year.

Complaints against LIC have been coming down in the three years prior to 2016-17, as per data from the Insurance Regulatory and Development Authority of India.

In contrast, the complaints against private life insurers have been steadily coming down for the past few years. In 2016-17, they received 90,063 complaints and by 2018-19, it reduced to 61,137.

Across the segment, there has been a substantial decrease of 5 per cent in complaints about unfair business practices and a marginal decrease of 2 per cent proposal processing related complaints during 2018-19 over 2017-18. However, complaints pertaining to claims rose 3 per cent and complaints under ‘policy servicing and others’ increased 2 per cent during 2018-19 over 2017-18. Ulip-related complaints have kept the same share during the last two years.

In case of non-life insurance too, public insurers saw the complaints going up, while private insurers saw them coming down.

Complaints against public general insurers went up from 19,053 in 2016-17 to 20,968 in 2018-19—up 10 per cent. However, 2018-19 witnessed a drop in complaints from 22,568 to 20,968. Private general insurers saw complaints coming down from 33,051 in 2016-17 to 21,793 in 2018-19. In 2018-19, there was a flattish growth in complaints.

Both for life and non-life players, complaint resolution remained high in 2018-19. Life insurance companies resolved 99.95 per cent of the complaints handled. The private life insurers resolved 99.86 per cent of the complaints reported, while LIC resolved 100 per cent of the complaints.

The general insurance companies resolved 98.65 per cent of the complaints during 2018-19—private companies, 98.82 per cent, and public companies, 98.48 per cent.

TOP

Source

INSURANCE REGULATION

IRDAI's draft norms: Push towards clearer and standardised insurance documents – Moneycontrol – 16th January 2020

In yet another attempt at ensuring uniformity in health policies, the insurance regulator has issued draft norms on the standardisation of general clauses. From being a lengthy and verbose document written in a language that can lead to some serious hair-splitting, the health insurance space has moved towards standardisation of exclusions, definitions and policy wordings, over the last few months.

In addition, the Insurance Regulatory and Development Authority of India (IRDAI) also made it mandatory for all general and health insurers to offer a standard health product from April 1, 2020.

The move looks to push insurance companies into taking this up seriously and implementing these norms across all their health insurance policies. The IRDAI's aim is to ensure that policyholders know what they're getting to at the time of buying a cover.

Towards this end, the insurance regulator has now mooted a proposal to standardise certain common general clauses across indemnity-based policies. That is, for those covers that require the policyholder to pay first and claim later, it has specified the format for such clauses.

The ultimate objective: policies should be worded in as simple a manner as possible; general clauses that are common across policies should be worded uniformly. Last week, the IRDAI has consolidated its recently-issued standardisation norms and has put out draft norms towards policy clauses' standardisation. It has invited public comments for the same.

Many of the rules mentioned in the draft guidelines are already in place. "The draft note seems to be an additional clarification to the existing guidelines issued earlier," points out Mahavir Chopra, Director, Health, Life and Strategic Initiatives, Coverfox.com.

"The health insurance space has seen a host of changes in recent months, so a consolidated set of uniform common clauses, will eliminate ambiguity across key terms and conditions," says Mayank Bathwal, CEO, Aditya Birla Health Insurance.

Here are five such clauses that merit attention.

Migrating between products

The insurance regulator has now clearly defined migration – the process of switching between the same insurer's products, group or retail. "So far, it was not clearly defined, with portability and migration being used interchangeably. Now, it (migration) refers to transferring the waiting period credit gained for pre-existing conditions and time-bound exclusions," says Anurag Rastogi, President - Accident and Health, HDFC ERGO.

Simply put, if you are covered under your employer's group health insurance policy and if you decide to quit, your coverage will cease. However, you have the choice of shifting to the same insurer's retail product, while retaining the continuity benefits that you've already accumulated so far. That is, if you were covered under a policy for three years and the waiting period for pre-existing diseases (PED) was four years, the new policy will cover these ailments after a year.

"So far, there was no uniformity on carrying forward continuity benefits in case of migration, though portability (switching from one insurer to another) norms were clear. Now, the regulator has clarified that the entire waiting period credit for PED will have to be transferred to the new policy even in the case of migration," adds Rastogi. To migrate, you will have to initiate the process 30 days before the premium due date. The premiums for the new policy will be determined by the insurer.

Porting insurance, on the other hand, means switching from one company to another insurer's policy that is mostly similar to the features of the old product.

Policy renewal

Barring reasons such as fraud, moral hazard and misrepresentation, health policies are renewable for life. Neither can your insurer deny renewal nor hike premiums citing claims made earlier. However, the insurer is not duty-bound to give a notice for renewal. So, ensure that you keep track of your renewal deadline and pay premiums on time. While there will be a grace period even after your renewal due date, you will not be entitled to coverage during this period.

Withdrawal of products

Many policyholders, particularly senior citizens, have often witnessed their health insurers withdrawing products, citing unviability. "Often, insurers force senior citizen policyholders to shift to new policies by withdrawing their existing policies. The new products come with steep premiums, forcing policyholders to drop out," says consumer activist Jehangir Gai.

The IRDAI's draft norms on standardisation of general clauses do not offer any relief on this front. However, companies are required to intimate the policyholders about the withdrawal, 90 days prior to renewal. Any change in premiums, terms and conditions, too, has to be notified three months in advance.

Multiple Policies

Often, people end up with more than one health cover when they buy a retail policy in addition to their employer's group cover or feel the need to enhance their coverage. Making claims under multiple policies can be a source of confusion. The IRDAI has, therefore, proposed uniform wordings to nip such disputes in the bud. "If multiple policies are taken by a person during a period from one or more insurers to indemnify treatment costs, the insured shall have the right to require a settlement of his/her claim in terms of any of his/her policies," the IRDAI has said.

You can choose the insurer that you wish to settle your claims with. In case certain expenses are not paid due to sub-limits or deductibles clauses, you can claim the same under the other policy that you may hold. The latter will evaluate the claim independently in line with its terms and conditions. "If the amount to be claimed exceeds the sum insured under a single Policy, the insured person shall have the right to choose the insurer from whom he/she wants to claim the balance amount," notes the regulator. That is, if your hold two policies with covers of Rs 3 lakh each, and your claim amounts to Rs 4 lakh, you can choose to make a claim of Rs 3 lakh under one policy and tap the other policy for the remaining portion. Before

2016, such cases would trigger the contribution clause, which stipulated that the claim will be settled by insurers in proportion of the sum insured.

Earlier – as in the above example – you could only claim Rs 2 lakh from the first policy (50 percent of the overall claims amount), while the remaining Rs 2 lakh came from the second policy.

Penalty for delay in claim settlement

A non-life insurer can accept for payment or reject a health insurance claim within 30 days from the receipt of the 'last necessary document.' In case the company fails to meet this deadline, it will have to shell out a penalty at the rate of the bank rate plus two percentage points for the period of delay. In cases where an insurance company feels the need for an investigation, it will have to complete the process within 30 days from the date of receipt of last necessary document. "In such cases, the company shall settle the claim within 45 days from the date of receipt of last necessary document," the IRDAI draft guidelines state. In case of a delay beyond these timelines, again, the insurer will have to pay the penalty applicable to delayed claim settlements.

All stakeholders, including the general public, can send their comments on these draft guidelines to the IRDAI by 25 January 2020.

(The writer is Preeti Kulkarni.)

TOP

Source

Standard health policy with Rs 5 lakh maximum sum insured: IRDAI allows selling through PoS – Financial Express – 15th January 2020

The Insurance Regulatory and Development Authority of India has allowed selling of standard health insurance product named 'Aarogya Sanjeevani Policy' through insurance Point of Sales (PoS) persons. Vide circular dated January 13, 2020, the regulator made a partial modification to its circular dated October 25, 2017, that capped the number of products to be filed as PoS products by insurers to three.

"Number of such products that can be filed as PoS product is capped at three (3) per insurance company. In addition to these three insurance products, Standard Health insurance Product- "AROGYA SANJEEVANI POLICY" is also allowed to be marketed by Point of Sales," IRDAI said in the new circular.

All other conditions for PoS mentioned in the 2017 circular, which allowed selling of indemnity-based health insurance products to be sold through PoS, remain unchanged. These are:

1. Indemnity-based health insurance products can be offered to only individual policyholders, excluding groups and government scheme.

2. Rs.5 lakh per life/individual will be the maximum sum insured of indemnity-based health insurance product.

3. The PoS needs to be educated about the process involved in preferring claims, particularly the cashless claims, who in turn will educate the policyholders about the products.

What is Aarogya Sanjeevani Policy?

Early this month, the IRDAI directed all general and health insurance companies to offer a Standard Health Insurance Product. To be named as "Aarogya Sanjeevani Policy", this product will cover basic hospitalisation needs of the policyholders with minimum sum insured of Rs 1 lakh and maximum of Rs 5 lakh with a co-payment condition of 5 per cent and room rent cap up to 2 per cent of the sum insured, or Rs 5000, whichever is lower.

If the sum insured is Rs 5 lakh, the cap on room rent under the policy will be up to Rs 5000 as two per cent of Rs 5, 00,000 is Rs 10,000.

Co-payment clause of the policy means the insured will have to bear 5 per cent of the hospitalisation expenditure, while the rest will be paid by the insurer.

The standard health insurance policy will not have any add on and optional covers.

(The writer is Rajeev Kumar.)

TOP

Source

IRDAI proposes to standardise, simplify policy wordings of health indemnity insurance policies – The Economic Times – 14th January 2020

Health insurance policies could soon become easier to understand. The insurance regulator has proposed to standardise and simplify policy wordings of standard health indemnity plans. By doing this, the Insurance Regulatory and Development Authority of India (IRDAI) wants to bring in uniformity and transparency in policy contracts.

According to IRDAI's draft proposal, released on January 10, "The objective of the guidelines on 'Standardization of General Clauses in Health Insurance Policy Contracts' is to standardise the common general clauses incorporated in indemnity based Health Insurance (excluding Personal Accident (hereinafter called as PA) and Domestic /Overseas Travel) products covering Hospitalization, Domiciliary hospitalization and Day care treatment in order to simplify the wordings of general clauses in the policy contracts and ensure uniformity and greater transparency."

As per the draft proposal *(exposure draft)*, "These guidelines are applicable to all general and health insurers offering indemnity-based health insurance (both Individual and Group) covering hospitalisation, domiciliary hospitalization and daycare treatment."

The draft proposes to make the guidelines on 'Standardization of General Clauses in Health Insurance Policy Contracts' applicable to all individual and group health insurance policies.

In cases where the premium payment is made in instalments (half-yearly, quarterly or monthly, as mentioned in the policy schedule/certificate of insurance) by the policyholder, the regulator has asked insurers to give their opinion on how many days grace period should be given to such policyholders as per the health insurance product offering.

As per the draft proposal, "Grace period of (Insurer to fill as per product design) days would be given to Pay the instalment premium due for the Policy."

The regulator has asked insurer to go through the existing policy wording and give opinion wherever it is required. As per the draft proposal insurers have to include/comply with policy wordings for some of the key points mentioned below:

Disclosure of Information
The policy shall be void and all premium paid thereon shall be forfeited to the Company in the event of misrepresentation, misdescription or non-disclosure of any material fact.

(Note: "Material facts" for the purpose of this policy shall mean all important, essential and relevant information sought by the company in the proposal form and other connected documents to enable the insurer to take informed decision in the context of underwriting the risk)

Claim Settlement (provision for Penal Interest)
The insurer has to settle or reject a claim, as the case may be, within 30 days from the date of receipt of last necessary document. In the case of delay in the payment of a claim, the insurer will be liable to pay interest from the date of receipt of last necessary document to the date of payment of claim at a rate 2% above the bank rate.

Renewal of Policy
The Policy shall ordinarily be renewable except on grounds of fraud, moral hazard, or misrepresentation by the insured person. Renewal shall not be denied on the ground that the insured had made a claim or claims in the preceding policy years. Also, at the end of the policy period, the policy shall terminate and can be renewed within the grace period to maintain continuity of benefits without break in policy. Coverage is not available during the grace period.

Nomination
The policyholder is required at the inception of the policy to make a nomination for the purpose of payment of claims under the policy in the event of the death of the policyholder.

Complete discharge
Any payment to the insured person or his/ her nominees or his/ her legal representative or to the hospital/nursing home or assignee, as the case may be, for any benefit under the policy shall in all cases be a full, valid and an effectual discharge towards payment of claim by the company to the extent of that amount for the particular claim.

(The writer is Navneet Dubey.)

TOP

Source

IRDAI nod for 33 regulatory sandbox ideas – The Hindu – 14th January 2020

From health profile-based pricing, use of wearable devices to 'pay-as-you-drive' and usage-based motor **insurance** as well as an Artificial Intelligence (AI)-driven automotive claims and collision estimation system, the Insurance Regulatory and Development Authority of India (IRDAI) has approved as many as 33 proposals to be implemented under a regulatory sandbox approach.

The approvals are time bound, for six months beginning February 1. The selection follows the regulator inviting proposals in September and receiving 173 proposals. An Evaluation Committee had evaluated the proposals related to health and motor insurance and from intermediaries and made recommendations to IRDAI.

"Under the powers granted to Chairman, IRDAI under Reg 6... , the Authority approves the following proposals under the Regulatory Sandbox," a release on Tuesday said.

Among the health insurers proposals approved are a comprehensive wellness programme with wearable device; short-term and need-based insurance; and an app-monitored diabetes mellitus wellness programme. In the non-life segment, eight proposals pertain to a pay-as-you-drive under the private car policy own damage segment.

Audatex Solutions' proposals for online salvage auction platform and automotive claims and collision estimation system, including on AI based have been approved.

Last year, announcing the formation of the evaluation committee, IRDAI had said the objective behind taking the regulatory sandbox route is to "recognise innovative ideas to foster growth in insurance sector, in a way that provides flexibility in dealing with regulatory requirements and at the same time ensuring policyholder protection."

TOP

Source

Two recent Irdai orders show why the regulator needs to be given more teeth – Business Standard – 13th January 2020

The insurance regulator has rapped an insurance firm and two major brokers in the past week for mis-selling car insurance, parking money with related companies violating corporate governance norms and finally for an out-and-out fraud in reinsurance.

Despite the serious breaches of corporate governance, the orders issued between January 7 and 8 by the Insurance Regulatory and Development Authority of India (Irdai) point to an urgent need to equip the regulator with more teeth. In all cases Irdai has only imposed a fine of Rs one to three crore each and stopping incentive payment to one CXO level officer.

To come to the case of fraud, the victim was Tata-AIG. They had got a reinsurance done through one of India's leading insurance broker, Unison insurance Broking Services to support crop reinsurance risks. Tata-AIG paid a reinsurance premium of Rs 7.3 crore through Unison to another Malaysia based broker Confiance international Reinsurance Broker L.L.C, only to discover it had been taken for a ride.

Tata-AIG got a receipt that its reinsurance cover was on. Except that the receipt was fake. "It appears that Unison were themselves cheated by Confiance. Confiance, who could not place reinsurance for crop insurance, forged the reinsurance slip and submitted as original to Unison". But the regulator has still thought it fit to slap a Rs one crore fine on the Indian broker. Primarily because the broker took more than the mandated time to inform Irdai of the fraud. In response to an email from Business Standard, Unison said Irdai had noted Unison were the victims of the fraud.

The entities are not rookies. These are companies with decades of experience among their top management. Unison claimed they had done business with Confiance for the first time. But as the details of the case show, these officers were taken for a ride by as simple a stratagem as a non-existent cover note. Frauds of such types are possible and do happen in a car or a medical insurance premium when it is the public who are the victim.

How did two companies fall for it? The Irdai orders offer no clue on it. Once the case was reported last year it had added some more safeguards, but had made no move to address the failure of risk assessment. Unless those are addressed, new frauds will come up. Incidentally India is trying to position itself as a lead player in South Asia in reinsurance sector.

The other case is against Cholamandalam MS General Insurance Company Limited. Based on an inspection of the company's accounts Irdai found it had paid out vendor advances of Rs 118.66 crore in 2016-17. Prima facie it should be fine. What is not, is that of this sum Rs 114.43 was paid to parties who were corporate agents, related parties and OEM. The money paid out was meant to provide sales promotion services like advertising — putting up of banners, kiosks, highway service points and so on.

The companies whom the money was paid include Ashok Leyland, Chola MS Risk Services Limited and DHFL Sales and Services Limited. This is where the problems emerge. The payments were not only to related parties the companies were not in the business of what they were contracted to do. In response to an email from Business Standard, Cholamandalam has said it would get back.

The regulator has noted Ashok Leyland got paid Rs 22.98 crore for the business of advertisement and branding but, “it is not predominantly engaged in the business of advertisement and branding”. So “these payments raise concerns of not being a genuine business transaction”.

Similarly Chola paid Rs 40.96 crore to provide manpower services to DHFL Sales and Services. The latter is a subsidiary of DHFL which is a corporate agent of the general insurer. Again, the regulator notes “it is observed that this entity is not primarily engaged in the business of advertising, branding or manpower supply. Hence these payments raise concerns of not being a genuine business transaction”.

The final case is that of Toyota Tsusho insurance Broker which has not only been fined Rs three crore, but its Managing Director and CEO, Vijay Kumar Govada has been debarred from any offer of performance incentives for one year by the company, “from the date of **this order**”.

The one theme that comes up repeatedly is that at each of Toyota dealership, the company has offered a limited menu of insurance companies from only among whom its customers can buy insurance. Also it has made a practice of making every one of those insurance companies offer the same premium to the customers.

According to Irdai since it has made clear that neither the insurance broker nor a motor insurance service provider i.e. dealer can create such a panel of insurers for selling motor insurance policies, Toyota Tsusho insurance Broker has contravened it. “TTIBIL being an insurance Broker shall have to enter into service level agreement with all the general insurers for providing better service to the policy holder. The (company) was not able to establish the objective and transparent criteria for entering into services level agreement with only 7 general insurers instead of all…which as a broker they ought to have”.

According to Praveen Gupta, a top insurance sector professional and a former CEO of an insurance firm, “for all local broking entities, planning to attract foreign investment, corporate governance should be a high priority. Any potential slippages must seriously impact the promoters’ pricing powers”.

Motor insurance is the most second most attractive line of business for general insurers, after health. The 25 general insurance companies try every trick in the business to get into the business, which is dominated by the top companies, which have tie ups with the largest motor dealers. In the efforts to make the dealers tie up, insurance companies have offered tax set offs on their marketing expenses and other inducements.

This has led to tax surveys on both the dealers and insurance companies in the past. For instance the Irdai order observes that a dealer evaluation programme of the Toyota Kirloskar Motors (of which Toyota Tsusho lnsurance Broker is a member firm) offers rewards for retaining insurance policies contradicts Irdai circulars that no insurance intermediary “can enter into an agreement which has an influence or bearing on the sale of motor insurance policy”, since insurance is not supposed to be pushed as a a product.

The orders, as Gupta said will have an impact beyond those immediately affected. In the past two years, the sector has been disrupted by several changes in the nature of motor insurance policies ordered by both the government and the Supreme Court, in the past two years. Last year, for instance, the Supreme Court has ordered that all cars must have a three year mandatory third party insurance cover.

(The writer is Subhomoy Bhattacharjee.)

TOP

Source

LIFE INSURANCE

Group life insurance numbers hit due to cost pressures at India Inc – Money control – 17th January 2020

Just two weeks before the renewal of a group life insurance cover, a mid-size infrastructure firm decided against buying a cover for the employees. The annual premium of Rs 7,500 per employee for the Rs 50 lakh crore was turning out to be an additional cost for the 500 member organisation.

The rising cost pressures amidst a slowdown-like situation in the economy has led to a drop in sales of group life insurance covers. Used as a retention tool among companies in India since the country does not have social security programmes, group life is now being seen as an excess expense.

Insurer	No. of lives covered under Group Schemes					
	For December, 2018	For December, 2019	*Growth in %*	Up to 31st December, 2018	Up to 31st December, 2019	*Growth in %*
LIC of India	**10921437**	**1317032**	***-87.94***	**44016598**	**23555865**	***-46.48***
Individual Single Premium	0	0	*NA*	0	0	*NA*
Individual Non-Single Premium	0	0	*NA*	0	0	*NA*
Group Single Premium	11025	15507	*40.65*	97630	189322	*93.92*
Group Non-Single Premium	211492	329847	*55.96*	3161616	4010424	*26.85*
Group Yearly Renewable Premium	10698920	971678	*-90.92*	40757352	19356119	*-52.51*
Grand Total	**24799126**	**17680434**	***-28.71***	**160877785**	**157730425**	***-1.96***
Individual Single Premium	0	0	*NA*	0	0	*NA*
Individual Non-Single Premium	0	0	*NA*	0	0	*NA*
Group Single Premium	9193998	11731688	*27.60*	67876365	89051233	*31.20*
Group Non-Single Premium	422790	395937	*-6.35*	5803087	5344667	*-7.90*
Group Yearly Renewable Premium	15182338	5552809	*-63.43*	87198333	63334525	*-27.37*

Source: IRDAI

"Business has been weak and we have not been able to meet sales target. At this juncture, having a group life insurance is not feasible," said the head of employee benefits at the firm quoted above. While some firms have decided to not buy this cover, others are reserving it for senior management.

A direct impact of this has been seen in the sale of group insurance schemes by the life insurance companies. IRDAI data showed that there was a 29 percent drop in the number of lives covered under group schemes in December 2019 compared to a year ago.

Insurance sector officials said that this was due to the dual impact of a drop in loan disbursements as well as corporates going slower on cover purchase.

Home loan customers are one of the biggest sources of group insurance schemes. Whenever a individual buys a home loan, life insurance comes attached in the form of group credit life cover. This is equal to the loan amount and pays the loan amount in case the insured person dies before the tenure.

However, with tightening liquidity conditions and slowdown, purchase of home loans is also seeing a slump. When home loans sales drop, the allied purchase of insurance is also impacted.

Among the insurers, Life Insurance Corporation of India saw a 46 percent year-on-year drop in the number of lives covered under the group schemes in the April to December 2019 period.

For the corporate customers as well, there has been a rise in premium cost for insurance products by 10-20 percent over the past two years. This has made mid-sized and smaller companies reconsider their decision to buy group life products for the entire organisation.

Insurers said that manufacturing firms and FMCG companies are now buying covers on a group platform only for employees above a certain pay-scale. Earlier, the group life cover was offered to all employees.

(The writer is M Saraswathy.)

Source

TOP

'Life insurers' raising exposure to guaranteed return plans a long-term risk' - The Economic Times (Delhi edition) – 16th January 2020

ET Intelligence Group: Life insurance companies, which have been raising exposure to guaranteed return products, could find their strategy turning riskier, warn experts.

A majority of the leading insurers have increased the proportion of non-participating saving products with guaranteed returns as high as 6 per cent for long durations. This has allowed the companies to clock higher growth. But, if sustained, this strategy may turn sour in the longer term if interest rates continue to soften.

The trend of offering guaranteed products has been visible across the sector. The rise of the guaranteed non-par products in case of HDFC Life has been the highest from 11 per cent of the total product mix in first half of FY19 to 58 per cent in the first half of FY20. For Max Life, it increased from 4 per cent to 22 per cent. For Birla Sun life and Tata AIA, it has gone up to 42 per cent and 40 per cent, respectively.

"Yes, there is a risk," admits Anil Kumar Singh, chief actuarial officer, Aditya Birla Sun Life. "We are guaranteeing the return for the full term, but we are not getting the entire money upfront. The risk is that we cannot invest the future premiums at the same or higher rate."

To explain it, let's say the investor is guaranteed a 6 per cent return at the end of 30 years on the 30 annual premiums that he will be investing. To generate the return, the insurance company needs to invest the premium in an asset which guarantees higher return.

While the cash from the current premium can be invested in the long duration bonds, there is a risk that it might not generate a similar or higher return on future premiums. If interest rates continue to trend downward, it will lead to asset-liability mismatch at some point in the future.

To put it in perspective, the 30-year and 10-year bonds were yielding 11 per cent and 12 per cent 20 years ago, respectively; now they trade at 7.2 per cent and 6.6 per cent, respectively. "To avoid such risks, we are now restricting the policy term to 12 years where we have higher visibility and we are using instruments to hedge interest rate risks," explained Singh.

According to Sachin Saxena, chief risk officer, Max Life Insurance, selling disproportionately large guarantees without proper hedging strategies can lead to financial distress in case interest rates were to reduce. "As a responsible life insurer we believe that guaranteed products need to be properly hedged for interest rate risks. This is best done through instruments such as forward rate agreements and interest rate swaps which we use to protect ourselves from interest rate risks," Saxena said.

The management of HDFC Life said in their latest earnings call that it intends to reduce the share of guaranteed products. "Our approach has been validated by a leading actuarial firm," said the company management in its presentation. The management has appointed a top global actuarial firm to study risks.

Industry experts that ET spoke to said that bigger names with strong balance sheets will be able to take the blow if the interest rates move lower, but it is the smaller players that try to follow them that will be in trouble.

TOP

Source

Is it possible to get life insurance for NRIs while they are in India? – Industry Global News24 – 14th January 2020

Life insurance is among the most renowned and established financial facilities in which individuals participate when referring to the lives of the Indians. It is important to note that if you invest in life insurance, it's not only Indian residents who can see the significance. Non-resident Indians often understand the meaning of life insurance in order to safeguard their financial and family needs.

While non-resident Indians are allowed to invest in Indian insurance plans, initially understanding the registration process for such strategies and why it's a fine idea for them to opt for such a move is vital. When choosing an adequate insurance plan, there are some frequently asked questions: Does the non-resident Indian have to be inside India when buying the insurance?

That doesn't have to be the case, but it depends on the insurance company you are opting for. The simplest way the non-resident India can purchase life insurance is going online. By doing so, you're going to go over all of the options present to find the finest plan and buy it from wherever you're from.

As we have already pointed out that Indian people working abroad usually still have their families residing in their home country, it can be said that the insurance scheme will be managed smoothly by the respective families. We have already established local bank accounts and insurance bonds if the policyholder is located outside the country.

What are the respective laws regarding death and maturity?
If the non-resident Person has bought a life insurance policy from an insurer located in India, the cover is required to compensate for the insured individual's death, regardless of the country in which the death occurs.

TOP

Source

Private insurers report 16% APE growth in December – Financial Express – 14th January 2020

Private players reported 16% year-on-year (y-o-y) growth in overall Annualised Premium Equivalent (APE) in December 2019, with 17% growth in individual APE. Group business declined 2% y-o-y. Individual business for LIC was modest at 13% y-o-y, following 103% growth in previous month due to sunset period of a couple of its products.

ICICI Life reported 8% y-o-y increase in individual APE, on a low base (down 5% y-o-y in December 2018). The company had reported 18% and 20% y-o-y growth in October and November 2019 post struggling on growth for about 12 months. Average ticket size in the individual non-single segment was up 16% y-o-y.

APE grows for private insurers

HDFC Life reported 46% y-o-y growth (down 4% y-o-y in December 2018) on the back of strong 43% growth in November 2019. Growth revived in November post 20% and 15% y-o-y decline in September and October 2019.

The newly-launched individual par savings product will likely maintain strong traction over the past two-three months. Overall APE was up 38% y-o-y, pulled down by 14% decline in group business.

SBI Life's individual APE growth was up 17% y-o-y. Growth revived in November 2019 to 22% post three months of muted 3-14% y-o-y growth. Management has guided for about 20-22% growth for FY2020E (reported 24% in 1HFY20 and 16% in 3QFY20). The company will continue its focus on protection though y-o-y growth in protection will be lower in FY2020E (individual protection APE was up 1.3X in 1HFY20 and 5X in FY2019).

Max Life's growth in individual APE was robust at 23% y-o-y. Similar to other players, growth had softened in September and October 2019 and picked up to 17% y-o-y in November 2019. Ticket size in individual non-single segment was up by 20% y-o-y. The company has increased focus on non-par savings business.

Bajaj Life and Tata AIA's growth momentum moderated in December 2019. Bajaj's individual APE increased 4% y-o-y compared to 25-54% y-o-y growth since May 2019.

Tata AIA reported 23% y-o-y growth (on a high base of 1.3X y-o-y growth in December 2018). Individual APE declined 13% y-o-y for Birla Sun Life but has been volatile. While its growth revived in November 2019, it had declined 3% and 9% y-o-y in October and September 2019. It appears that business from the bancassurance partner has dropped for Tata and Birla Sun Life as HDFC Life gains momentum.

Growth estimates

We have tweaked our 3QFY20 estimates to reflect (1) strong growth in APE for HDFC Life in December 2019 (up 38% y-o-y), (2) lower than expected APE growth for ICICI Prudential Life (muted at 9% y-o-y in December 2019) and (3) marginal change in value of new business (VNB) margins reflecting change in product mix.

Post the revision, we expect VNB growth to remain strong at 34% for HDFC Life (24% in 2QFY20) in 3QFY20E. ICICI Prudential Life will likely accelerate to 32% VNB growth, significantly higher than 16% in 2QFY20 and 27% in 1QFY20 (20% in 1HFY20), following higher APE growth.

We have raised our VNB growth estimate for HDFC Life by 2% following increase in APE growth estimates by 5% y-o-y reflecting strong APE growth in December 2019, consequently tweaking down our VNB estimate to reflect volume of protection business. We now expect HDFC Life to deliver 34% growth in VNB in 3QFY20E.

We have reduced our APE estimates by 2% for ICICI Prudential Life to reflect lower-than expected APE growth in December 2019 (up 9% y-o-y).

TOP

Source

Should you go for insurance plans to build your retirement kitty? – The Hindu Business Line – 13th January 2020

The market is flooded with investment options that promise you a cosy retirement and a tidy nest egg. Various life insurance companies offer dedicated plans to create a retirement corpus and provide a regular income in your golden years. Retirement insurance plans are essentially split into two phases. One is the accumulation phase, during which you pay regular premiums that get accumulated over a period of time. The second is the payout phase, when you start getting a regular pension from the corpus created.

The age from which you start getting the payout is called the vesting age (ranges between 40 and 70 years). The amount of regular income you receive post-retirement will depend on the size of the corpus (and the annuity rates). So, is building a kitty through retirement insurance plans a good option? Like any other traditional savings plan, retirement plans can be participating or non-participating. But most insurers offer only participating retirement plans.

In these, at the time of vesting (retirement), the benefit includes the sum assured plus bonuses if any (reversionary and terminal bonus). The HDFC Life Personal Pension Plus is a traditional participating deferred pension plan. The insured can choose the premium paying term (10-40 years) and the vesting age (55- 75 years of age).

(The writer is Radhika Merwin.)

Source

TOP

When to choose a whole life insurance policy over a term policy – The Hindu – 12th January 2020

If you wish to support dependants in your super-senior years, this is a good option . A Whole Life policy is just that. It offers life insurance cover throughout the life of the insured.

Earlier we saw how a Term policy works. It covers against the risk of death during a specified term and has no maturity or survival benefit once that term is over. Usually there is an upper limit of 65 or 70 years of age.

A Whole Life policy, on the other hand, covers the life assured through their natural life. Companies do define this variously as up to age 99 or age 100. Unlike a Term policy which is a highly focussed policy as described above, the Whole Life policy can have various features. Should the life assured die, the payment is made to the nominee and if they survive the policy date, the policy gets converted into an endowment which pays out on their passing away.

The Whole Life policy would cost more than the Term policy, naturally, and you should be able to sustain the premium payment until age 100 or so. Apart from options for regular premiums for the entire term of the policy, limited premium paying terms are available and one can choose from them depending on income flows. Single premium policies are also available.

Choose a Whole Life policy when you have dependants and when your responsibilities towards them will extend to your super senior years. Should you assess that your children, for example, will be standing on their own feet by the time you retire, a term policy until age 60 or 65 would be a better option.

A Whole Life policy can also be a mechanism to fund funeral arrangements. Morbid as it may sound, more people are thinking through such responsibilities rather than leaving it to those left behind to contend with and do their best. The Whole Life policy comes with various options that you should consider. There can be a simple life cover without any bonus — called a non-participating or non-par policy. On the other hand, a participating policy partakes of the profits the company makes on investing the premium collected under the policy and offers you a share of it as a bonus.

The policy can also be unit-linked. This denotes that the policy premium is invested in the capital markets and the investment risk is yours. There would be portfolio options to choose from, appropriate to your risk appetite.

A Whole Life policy can also have riders and some examples are Accidental Death Benefit, Terminal Illness, Critical Illness and Permanent Disability. A rider is an additional cover that can be purchased with the main policy and, only at the time of buying the main policy. That coverage comes at a lower cost than it would otherwise, by virtue of the fact that it is an add-on cover.

Loans possible
Another benefit of Whole Life policy over Term policy is that a policy loan can be taken as there is a surrender value.

A Term policy, on the other hand, serves as a better tool for backing up a housing loan, protecting the family from loan repayment should the bread-winner die.

Some policies also allow the death benefit to be given to the beneficiary as a lump sum or as a periodical payment. The policy payout is exempt from income tax. Premium payments also attract a tax benefit under Section 80C of the Income-tax Act, 1961.

As with any insurance decision, clarity on why you want the coverage will help you decide the right policy.

(The writer is K. Nitya Kalyani.)

Source

TOP

GENERAL INSURANCE

US-Iran tensions: Indian insurers face the heat – Moneycontrol - 15th January 2020

Indian insurers are facing the heat in the wake of recent events involving US and Iran. Even as oil importers are being forced to buy higher insurance covers for the crude transported to India, reinsurers are turning cautious by increasing premium.

Without adequate insurance, importing crude oil is very risky. Crude oil used in the production of a range of fuels is heavily imported by India and a drop in quantity impacts an array of industries including aviation, transportation and cosmetics/retail among others. Firms from the Middle East that export crude oil do so only once there is insurance available for the shipment by the importer.

"It is a tough period because treaties are also set to be renewed for providing reinsurance cover. Rates are going up and refiners have not agreed to the hike," said a senior insurance executive.

If crude oil import gets impacted, the prices of existing goods like petrol, jet fuel as well as cosmetics will increase. Companies exporting oil will not do so unless they have a complete insurance.

Insurance covers are equal to the quantum of crude oil imported. In 2019, Iran was providing shipping and insurance to India's state-owned refiners. However, that cover is turning out to be inadequate now.

US-Iran tensions
On January 14, the United States said that there are threats to commercial vessels in and around the Persian Gulf due to the ongoing tensions with Iran.

US-Iran relations turned sour in January 2020 after a US airstrike killed Iran's top military official Qassem Soleimani. Iran responded by firing missiles at US troops stationed in Iraq. Further, it also accidentally shot down a Ukrainian jetliner near Tehran, killing all 176 on board.

In a maritime warning, the US said that heightened military activity and increased political tensions in this region continue to pose serious threats to commercial vessels.

How does this impact refiners?
This means that commercial vessels carrying crude oil could be at risk of an attack. Insurance covers taken by oil importers protect the products from damage due to external attacks. Political risk covers taken by companies also provide protection against kidnapping and ransom, terrorism, civil war, riots, property damage and business interruption.

Reinsurance firms have decided to charge 20 percent higher premium for these covers which has led to insurance companies finding themselves in a sticky position. Though the insurers need to increase charges, their customers - oil importers - are resisting the move. Oil importers are reluctant to pay the additional sum and insurers don't want to lose these insurers.

Will pooling risks help?
The current tensions is reminiscent of the situation seven years ago when Iranian crude importing refineries had to face problems as insurance firms declined to extend full coverage. Indian refiners have also sought a separate energy insurance pool for importing crude oil from Iran.

Oil companies are seeking a pool size of Rs 9,500 crore-11,000 crore. But the petroleum ministry is still not on board on this issue since a chunk of the contribution has to be given by the government.

Indian insurers largely depend on European companies to re-insure their risks. However, with the current tensions prevailing, a majority have sought a mark-up in premiums and have also refused complete coverage.

(The writer is M Saraswathy.)

Source

TOP

Shaadi Chale Na Chale, Wedding Insurance can save potentially lost money – Idiva - 14th January 2020

Indians and their obsession with grandiose wedding celebrations isn't a new trend. The social emphasis put on the institution of marriage and big wedding festivities have been a part of our culture for the longest time. Today, the more expensive and flamboyant the ceremonies, the better it is for the status quo.

However, the peaking expenses of a wedding have come with an enormous price, quite literally! The soaring financial risks of spending heavily has given rise to a brand new investment policy--wedding insurance. You read that right!

Long gone are the days when we'd insure our loved ones' lives, their health, and the properties that we own. Wedding insurance is gaining increasing popularity amongst families willing to spend Rs. 50 lakhs and above for various functions and the reasons behind it (as crazy as it may sound) are actually true!

The biggest reason being cancellation or postponement of the ceremonies. Most wedding banquets, halls, and farmhouses take the payments in advance and unfortunate cancellation or change in ceremonial dates often leads to loss of full payment along with cancellation charges on top. The same is applicable to wedding planning companies that in turn book caterers and vendors for decorations or if the party books these people themselves.

Not just this, a lot of these insurances also cover unfortunate accidents, theft, burglary, and damages caused in the wedding premises. No wonder that the rise of wedding insurances have gone up by 25-30% this year (2019). 'Families are happy to pay premiums of 1% to 1.5%, or Rs. 50,000 for Rs. 50 lakh cover,' said Subramanyam Brahmajosyula of SBI General Insurance to Times of India.

Newer wedding trends like experienced photographers, videographers, themed decor experts, musicians/bands, travel, and hotel booking costs in cases of destination weddings can make rescheduling an almost impossible task. That's also another prime reason why established wedding planners have included wedding insurances in their packages for these unforeseen complications.

None of this means that Indians are reconsidering the very idea of having a 'big fat Indian wedding' and rather invest in their futures. Instead, even more lavish ideas of including designer wedding couture, inviting popular performance artists to sangeet, adding exotic international cuisines to the food menu, innovative invites, and return hampers are only stacking up on the costs.

Let's not ignore the expanding loopholes for fraud, extortion, dowry, and debt that can follow and how it can put families in financially vulnerable positions. Maybe instead of putting thought into Instagram #hashtags, we recalculate our expenses?

(The writer is Gariyashi Bhuyan.)

Source

TOP

HEALTH INSURANCE

Maharashtra government finalises new insurer for cashless health insurance scheme – The Indian Express – 17th January 2020

The state government has finalised insurance company United India Insurance as the insurer of its cashless health insurance scheme Mahatma Jyotiba Phule Jan Arogya Yojana (MJPJAY). At Rs 797 per family, United India has quoted the lowest premium amount annually to bag the contract.

While the premium per family has risen from Rs 690 to Rs 797, the state government has also doubled the number of empanelled hospitals and introduced several new procedures.

MJPJAY, a state-run insurance scheme launched in 2012, covers 2.25 crore families and provides a medical cover of Rs 1.5 lakh. In the latest tender, the government has increased hospitals empanelled under the scheme from 492 to 1,000 and total procedures that patients can avail from 971 to 1,096.
Officials said the file has been sent to the state government for final approval.

Four insurance companies had showed interest in the scheme. "But United India Insurance bid the lowest," said Dr Sudhakar Shinde, CEO of MJPJAY.

Once rolled out, the fresh scheme will include hip and knee replacement surgery, paediatric cancers, mental illnesses like depression, schizophrenia, delusional disorders and mood disorders. For certain procedures, the government has increased the cost — kidney transplant will fetch a hospital Rs 3 lakh instead of Rs 2.5 lakh, dialysis will be for Rs 1,100 instead of Rs 700, and cost for treatment of a few fractures will rise from Rs 15,000 to Rs 20,000.

Between 2012 till 2019, Maharashtra had tied up with National Insurance Company to run the scheme. Under MJPJAY, a beneficiary can avail free treatment, while the hospital gets reimbursed by the insurance company after state government scrutinizes patient's medical documents.

The Centre's Pradhan Mantri Jan Arogya Yojana (PMJAY) will function along with MJPJAY under a hybrid model. For beneficiaries of PMJAY, which covers treatment cost up to Rs 5 lakh, the state government has created a trust to pay hospitals. Maharashtra has 83 lakh beneficiaries under PMJAY.

(The writer is Tabassum Barnagarwala.)

TOP

Source

Here's why Irdai needs to mandate outpatient cover in health insurance – Financial Express – 15th January 2020

There is an underlying need for fixing the ailing health care system by providing comprehensive insurance including outpatient insurance i.e. any medical treatment that does not require hospitalisation or an overnight stay at a medical facility of any sort. This will help in improving health care indices and decreasing the cost of health care in India.

Out of pocket expenditure for healthcare in India stands at 62% of the entire expenditure and out of which only 27% of the population is insured. Healthcare expenses in India are largely focused to cater to the in-patient or institutional expenses related to health care. There is a need to take a leap in healthcare spending on the outpatient side as well.

Outpatient coverage

In developed countries where both inpatient and outpatient insurance is available, the maximum amount the patient will pay out of pocket is capped. In India, insurers provide inpatient coverage that is significantly restricted. There is a cap on the limit the inpatient encounter will be covered for based on the premium paid. There is a restriction based on age, congenital and preexisting conditions as well.

The outpatient insurance in India is included as an afterthought in most of the inpatient policies with the number of outpatient visits being restricted and no clarity about what is actually covered. The reason could be that providing all this will increase the premiums significantly and maybe unaffordable for many. However, it can be made available for those who can afford it and also create different plans that are suitable for different budgets.

Insurance coverage is restricted in India is because of the potential for fraud. However, it has come down because of the availability of fraud detection methods and improvement in documentation. This has also lead to a better accountability from hospitals and doctors to provide the standard of care and document the same. It may not be easily possible to detect fraud in the outpatient setting because of the number of encounters that will happen and lack of requirement for documentation.

Potential for fraud will be exponentially high if we include the investigations and treatment that will have to be paid for along with the consultations. With the government embarking on the journey of digitisation where every outpatient visit is documented it should be much easier to detect fraud. Third party payers will also ensure accountability and documentation in the patients who have outpatient insurance. This will in turn lead to better treatment and outcomes for patients and decrease the cost of health care in the long run.

Way ahead

Implementation of outpatient insurance coverage will open other areas for investment and job creation. The use of technology will help in fraud detection and prevention. This along with improved documentation will need the startup community to come up with novel solutions. For example facial recognition and AI can be used to document and monitor patient visits and claims. Outpatient claims processing can be automated.

Though the MCI doesn't mandate private practitioners to maintain outpatient medical records, the electronic documentation of outpatient health records will be mandated by third party payers. This will help patient records to be comprehensive and help care giver keep track of both outpatient and inpatient care that their patients have received. With security of health care data being critical, block chain can be used to maintain the privacy and security of medical records.

The IRDAI needs to mandate the private insurers to provide outpatient insurance. Better outpatient care and preventive health care is the only way to heal the current broken system. Failure to have comprehensive insurance including outpatient insurance in both private and government systems will lead to sub optimal health care that we can ill afford.

(The writer is Dr. Balakrishna Kasaragod.)

TOP

Source

Wearables-led insurance products dominate IRDAI sandbox approvals – Moneycontrol – 15th January 2020

Insurer	Product
Max Bupa Health Insurance Co Ltd	Friend Assurance
Max Bupa Health Insurance Co Ltd	Health profile based pricing
Max Bupa Health Insurance Co Ltd	Wearable Fitness Tracker
Star Health Insurance Co Ltd	Comprehensive Wellness programme with Wearable Device
Star Health Insurance Co Ltd	Centrally administered Auto Adjudication system
Religare Health Insurance Co Ltd	OPD and Wellness with Integrated Flexible Rewards program
Religare Health Insurance Co Ltd	Short term Health Insurance
Religare Health Insurance Co Ltd	Payment through Reward points
Religare Health Insurance Co Ltd	Friend Assurance
Bharti Axa General Insurance Co Ltd	Short term Health Insurance
Kotak Mahindra General Insurance Co Ltd	Wearable Devices to existing customers
Kotak Mahindra General Insurance Co Ltd	Wearable devices to New Customers
Kotak Mahindra General Insurance Co Ltd	Friend Assurance
TATA AIG General Insurance Co Ltd	Restricted Network (OPD / IPD)
Go Digit General Insurance Ltd	Need based Health Insurance
SBI General Insurance Co Ltd	Shagun- Gift an Insurance
Bajaj Allianz General Insurance Co Ltd	Co-Pay model
ICICI Lombard General Insurance Co Ltd	APP Monitored Diabetes Mellitus Wellness Program
ICICI Lombard General Insurance Co Ltd	APP monitored Dyslipidemia Management Program

Source: IRDAI

Products using fitness trackers for health insurance form a major chunk of those approved by the Insurance Regulatory and Development Authority of India (IRDAI) under the sandbox method.

Under the sandbox method, entities can launch and test a product with a select group of people for a period of six months.

Of the 173 total applications submitted for consideration, 33 were approved by IRDAI. These include fitness tracker, app-based diabetes wellness programme, and wearable devices for existing customers and new customers and wellness programme using trackers.

In the non-life sector, the pay-as-you-drive and usage-based motor insurance proposals were approved by IRDAI.

In September 2019, IRDAI called for applications from insurers and intermediaries under the sandbox method.

As such, the 33 products approved will be tested between February 1, 2020, and July 31, 2020. Post this, depending on the response received during the pilot, the product could be launched commercially.

The method helps gauge customer interest in an insurance product and reduces failure.

At present, about 780 life insurance and over 1,000 general insurance products are being sold in the market for individuals and groups.

The sandbox method is expected to help companies better the success rate with their products. According to industry estimates, at present for every 10 new products filed, two fail to make the mark.

IRDAI said the initial permission will be granted for six months but can be extended by another six months. After this, the regulator will look into the proposal and decide whether it can continue in the market or be discontinued.

All participants will have to delete the customer data they gather for the testing purposes.

TOP

Source

'India needs to make mental health services a part of its healthcare system' - The Economic Times – 15th January 2020

Less than three years ago, Prime Minister Narendra Modi approved the National Health Policy, 2017, that promised to deliver quality healthcare services to all at affordable cost. The aim of the policy was to achieve universal health coverage. But, DrPrakriti Poddar, Mental Health Expert, Director of Poddar Wellness and Managing Trustee of Poddar Foundation believes that the 'ambitious' policy introduced by the Modi government remains an unfulfilled promise "if the budget allocation for the health sector during the year is any indication".

In India, approximately 18 crore people suffer from mental health illness such as depression, stress and suicide. However, the amount of funds allocated by the government for mental issues is only Rs 50 crore in the National Mental Health Program.

DrPoddar emphasised on the importance of doctor-patient ratio. In a response to ET Panache Online, she writes, "the treatment gap makes it difficult for the government to manage the mental health of working-age population, which is a key social and economic issues as they are integral to the functioning of the economy".

The mental health therapist says that the Mental Health Act, which ensures every insurer makes provisions for medical insurance for mental illness treatment just like physical illnesses, is mandatory. "In case of hospitalisation during mental illness, the coverage will include analysis and diagnosis of a person's mental condition, treatment as well as care and rehabilitation," she said.

However, the York University alumna feels including mental health in health insurance isn't enough. She expresses concern about the lack of infrastructure and doctor-to-patient ratio that is required for smooth functioning.

The mental health counsellor wants Finance Minister Nirmala Sitharaman to focus on mental well-being in a wholesome way during this Union Budget. "The government should emphasise on the integration of mental health services in India's basic healthcare system which will in turn improve its affordability and accessibility," she adds.

Last, but not the least, DrPoddar also urges the Government to raise more awareness by organising campaigns and empathy classes. "In these campaigns and empathy classes, people can share what is preying on their mind instead of agonizing over it by keeping it in," she added.

TOP

Source

Health Insurance: Are you availing lesser-known benefits of your health cover? – Financial Express – 14th January 2020

Health insurance has become a necessity nowadays with the rising medical cost. As people are being aware of it, more and more individuals are seen opting for a health insurance policy.

Health insurance provides cover for hospitalisation expenses, cashless admission in 'listed' hospitals, and tax breaks. However, along with those, there are list benefits that health insurance offers, and are missed-out by most.

Most policyholders are not aware of all the features offered in their health plans, and hence, do not fully utilise the benefits.

Here is a list of lesser-known features of your health insurance policy, that you might be missing out on;

Free health checkups

Health insurance plans offer free medical checkups, which comes with certain conditions. For instance, this feature will be available to those policyholders who have had 4-5 consecutive claim-free years, depending on their policy type. It also has to be within the predetermined limit mentioned in the insurance policy. Additionally, this free health checkup becomes cashless when availed of at an empanelled hospital or centre.

More than Allopathic treatment

According to IRDAI guidelines, health insurance plans are not only limited to allopathic treatments which require hospitalization. It also provides cover for treatments such as Homoeopathy (AYUSH), Ayurveda, Unani, and Siddha.

While some insurers bring these benefits under the ambit of their primary health insurance coverage, others offer these benefits under sub-limit treatment. Consequently, if you are also among the one who is in use of alternative medicine, check if your health insurance plan covers for it.

Day Care treatment

If policyholders opt for treatment at home for any disease or injury, under medical supervision, the health insurer will compensate for it, depending on the type of insurance plan. These are offered to those policyholders where the patient's feeble condition makes hospitalization not possible or also due to unavailability of a hospital room/bed. However, this comes with a limit on the amount and number of days up to which the benefit can be available.

OPD treatment

Most think their health insurance policy is limited to hospitalisation expenses, and cashless admission, however, many health insurance plans reimburse outpatient expenses. These include pathological tests, doctor's consultation fees, and also the cost of medicines. One doesn't need to be hospitalised to make such a claim.

No-claims bonus
This is offered by most insurance companies. If the policyholder does not file for a claim during the policy tenure (one year), the policyholder will be eligible for a bonus. The bonus varies from insurer to insurer, but generally, a higher sum insured (up to 50 per cent) is offered or a discount in premium during the annual renewal. Some insurers also offer a cumulative bonus for every no-claim year.

(The writer is Priyadarshini Maji.)

Source

[TOP]

Insurers to pay penal interest for delay in settling health claims – Business Standard – 14th January 2020

Insurers will have to pay penal interest to the insured person in case they do not settle claims within 30 days from the date of receipt of the last necessary document for settlement. In the case of delay in the payment of a claim, the company shall be liable to pay interest from the date of receipt of last necessary document to the date of payment of claim.

The insurer will pay at 2 percent above the bank rate, the Insurance Regulatory and Development Authority of India (IRDAI) said. Bank rate is the rate at which the Reserve Bank of India lends money to commercial banks without collateral. However, if the insurer thinks that the claim warrants an investigation, it has to initiate and complete an investigation at the earliest. The insurer has 45 days to settle such claims where an investigation is warranted.

"In case of delay beyond 45 days, the company shall be liable to pay interest at a rate 2 percent above the bank rate from the date of receipt of last necessary document to the date of payment of claim," IRDAI said. The regulator on Monday issued an exposure draft on guidelines on standardisation of general clauses in health insurance policies contracts.

This comes after the IRDAI unveiled a standardised health insurance product, 'Arogya Sanjeevani Policy', which will be offered by health and general insurance companies. "These guidelines have been issued to standardise the common general clauses incorporated in indemnity-based health insurance products covering hospitalisation, domiciliary hospitalisation, and day care treatment. They are also meant to simplify the wordings of general clauses in the policy contracts and ensure uniformity and greater transparency," it said.

(The writer is Subrata Panda.)

Source

[TOP]

Starter's guide to health insurance plans in India – Mint – 13th January 2020

In India, most employers offer medical insurance to their employees. But, the unfortunate part is that the health cover provided at work is not sufficient to meet all your medical expenses. Hence, financial advisers highly recommended that you should take individual or family health insurance plans to meet your medical requirements.

Here's all that you need to know about health plans in India.

What is medical insurance?
It is an agreement between the insured and the insurance company. The insured pays regular premiums, and, in return, the insurer takes care of the medical expenses of the insured as per the terms and conditions of the policy.

Why is medical insurance essential?
With an increase in lifestyle diseases and an exponential increase in medical costs, paying for medical care out of your pocket can take a toll on your finances. A healthcare plan helps to cover all medical

expenses, including hospitalization charges, diagnostic tests, ambulance charges, surgery costs, and even post-hospitalization recover by paying affordable premiums.

How and where to purchase medical insurance?
In India, a large number of private insurance companies offer medical insurance plans. You can either purchase a policy online or visit the nearest branch of your preferred insurer.

Most plans do not require individuals aged 55 years or less to undergo a health check-up while purchasing the health policy. However, one has to disclose any pre-existing conditions like hypertension, cardiac issues, diabetes, etc.

Purchasing a health plan while you're young helps you enjoy lower premiums.

- While taking a healthcare plan, you have to provide a few documents like:
- Age proof, identity proof, address proof – This can be any of the following: passport, driving license, voter's ID, PAN card, Aadhaar card, etc.
- Medical tests – Applicable for people aged 56 years and above

Types of medical insurance plans in India
Individual Plans – As the name implies, this plan covers all hospitalization and other medical expenses of the insured. The premium depends on the age of the insured and pre-existing medical conditions.

Family Floater Plans – Under this policy, all your family members can be covered under a single plan. Family health plans offer a fixed sum assured that can be used by one member or shared among all family members. Senior Citizen Plans – These are specially designed health plans to meet the increased medical expenses of senior citizens.

Critical Illness Plans – These plans are ideal for individuals who require treatment for critical illnesses like heart attack, cancer, paralysis, kidney failure, etc. Treatment costs for critical illnesses are high. If you have higher chances of contracting any of these critical illnesses, then it makes sense to choose this plan.

Maternity Health Plan – This plan covers all maternity-related expenses like pre and postnatal care, caesarean costs, child delivery expenses, medical expenses of the newborn, etc. Personal Accident Plan – This plan covers all hospitalization and other medical expenses in case of an accident. Unit Linked Health Plan – This plan combines the benefits of health insurance and investments under a single policy. It helps investors build a corpus while meeting their medical expenses.

Tax benefits of medical insurance
Premiums paid for medical insurance are eligible for tax deduction under Section 80D. The upper limit for tax deduction is Rs. 25,000 for health plans for self and Rs. 30,000 for health plans for parents.

Take a health cover today, if you don't have one
A health plan helps you enjoy the best medical treatment in case of an emergency without having to worry about medical costs. Make sure to evaluate the different health policies available on the market and choose the right one that works for you and your family.

TOP

Source

Centre to fund one-time treatment of ₹15 lakh for certain rare diseases – The Hindu Business Line – 13th January 2020

Ministry said it cannot provide treatment for other rare diseases requiring expensive drugs ranging up to ₹ 1 crore per year

The much awaited Rare Diseases Policy of the Health and Family Welfare (MoHFW) has proposed financial support of up to ₹15 lakh under the Rashtriya Arogya Nidhi for the treatment of rare diseases that require one-time treatment, such as stem cell transplant and organ transplants.

The draft policy states the scheme will cover only patients to whom the PM Jan Arogya Yojana (PM-JAY) or Ayushman Bharat, which provides cashless health cover of ₹5 lakh per annum per family, is applicable.

Rare diseases categorized under Group I by MoHFW —such as severe combined immunodeficiency, Fanconianaemia, disorders of the liver like maple syrup urine disease, urea cycle disorders, Fabry's disease, and conditions found suitable for stem cell, liver or kidney transplant — will receive funding under the scheme.

However, rare diseases that require lifelong expensive treatment ranging from ₹10 lakh to ₹1 crore annually will not be funded by the Centre. These include gaucher disease, Hurler syndrome, Hunter syndrome, Pompe disease, Fabry disease before damage to kidney, spinal muscular atrophy and so on. that But, for these, MoHFW has proposed an alternative funding mechanism by setting up a digital platform for voluntary and corporate donations.

"Keeping in view the resource constraints and competing health priorities, it will be difficult for the government to fully finance the treatment of rare diseases," said the draft policy. The MoHFW formulated a National Policy for the Treatment of Rare Diseases in July 2017, but had to withdraw it due to implementation challenges. A corpus of ₹100 crore was announced to fund medical care for patients, but this never found a mention in the MoHFW's budget.

"Issues such as cost effectiveness of interventions for rare diseases versus other health priorities, sharing of expenditure between the Centre and States and flexibility of the State governments in changing their policies were raised on the 2017 policy. So an expert committee was constituted in November 2018 to reframe the policy," stated the new draft.

There are 7,000-8,000 rare diseases, but less than 5 per cent have treatments and therapies. Countries such as the US, the UK, Germany, Canada, Malaysia, Australia and Singapore provide subsidies for patients to buy drugs for rare diseases. "Due to high costs, the government has not been able to provide these drugs for free," the MoHFW draft said.

Dearth of data

The draft also there is a dearth of data in India on how many people suffer from diseases that are considered rare. So far, 450 such diseases have been recorded in India, including genetic ones. These include haemophilia, thalassemia, sickle-cell anaemia, primary immuno deficiency in children, auto-immune diseases, lysosomal storage disorders such as Pompe, Hirsch sprung, Guacharo's, cystic fibrosis, haemangioma and certain forms of muscular dystrophies. "The Indian Council of Medical Research is making a registry of rare diseases in the context of Indian conditions," the draft said.

The MoHFW has prepared the draft ahead of a Delhi High Court hearing on January 14, in which the Centre has been dragged into a case asking for to frame policies to support and fund expensive patient treatments.

(The writer is Maitri Porecha.)

TOP

Source

IRDAI starts work on standardising general clauses in health insurance policy contracts – The Hindu Business Line – 12th January 2020

Insurance companies may soon have to offer uniform clauses in indemnity-based health products to simplify customer experience with standardised wordings for provisions such as claim settlement within 30 days the and cancellation of policies with a 15-day notice.

Keen on bringing uniformity in the wording of health insurance policy contracts, the Insurance Regulatory and Development Authority of India (IRDAI) has proposed to standardise some of the general clauses that are commonly used in indemnity-based health products.

"The objective of these guidelines is to standardise the common general clauses incorporated in indemnity-based health insurance (excluding personal accident and domestic/overseas travel) products covering hospitalisation, domiciliary hospitalisation and daycare treatment, in order to simplify the wordings of general clauses in the policy contracts and ensure uniformity and greater transparency," said the draft guidelines issued by the IRDAI recently.

The insurance company can also include other general clauses based on their product design, it added. The regulator has sought public comments by January 25.

The draft norms

The draft guidelines have incorporated the IRDAI's oft-repeated directive to settle or reject claims within 30 days, failing which, the insurance company will have to pay a penal interest of 2 per cent above the bank rate. In case of an investigation, the insurer should settle or reject the claim within 45 days.

In case of multiple policies taken by an insured person, he or she shall have the right to settlement of claim from any of the policies. The draft norms have also proposed that policyholders can also cancel the policy by giving 15 days written notice, and the insurer should refund premium on short-term rates for the unexpired policy period.

Similarly, for migration to any other policy of the insurance company, the policy holder can apply for it 30 days before the premium due date. The insured person would have the option to port the policy anywhere between 45 days to 60 days of the premium due date. "The policy shall be void, and all premium paid thereon shall be forfeited to the company in the event of misrepresentation, misdescription or non-disclosure of any material fact," the draft guidelines have proposed for Disclosure of Information by insurance companies.

According to the draft guidelines, all benefits under the policy will be forfeited in the case of fraudulent claims, and any amount already paid against such claims shall be repaid by all person(s) named in the policy.

This move to standardise general clauses in health insurance policy contracts comes soon after the IRDAI unveiled a standardised health insurance product, named 'Arogya Sanjeevani Policy', which will be offered by health and general insurance companies.

TOP

Source

CROP INSURANCE

State mulls forming its own crop insurance firm - Hindustan Times – 16th January 2020

After the Shiv Sena created noise over the poor payouts for farmers from insurance companies, before the Assembly elections last year, the Uddhav Thackeray-led state government has now appointed a cabinet sub-committee to study the existing crop insurance scheme. The sub-committee will tap into the possibility of forming a separate insurance company owned by the government and also weed out the flaws in the existing scheme.

The Sena had staged a protest under the leadership of party chief Thackeray in July 2019, alleging the private insurance companies benefit from the poor payouts given to farmers as compensation for crop loss. After assuming power in the state, the Thackeray government is looking at bringing about changes in the scheme.

According to the officials from the agriculture department, despite the acute drought, the farmers got ₹3,400 crore compensation against the ₹3,700 premium paid to the companies. The state and the Centre pay 49% each of the premiums, while the farmers pay 2%.

The state government had received complaints from farmers about the meagre compensation despite having paid heavy premiums. The Fadnavis government, too, had requested the Centre to tweak the existing policy, said the official.

"We received no response from the crop insurance companies. The government will have to provide an alternative to the farmers in these districts. Water resources minister Jay ant Patil suggested a state-owned insurance company on the lines of the Agriculture Insurance Company of India, which is owned by the Centre," said a Congress minister.

Agriculture minister Dada Bhuse said that the sub-committee will suggest the steps to be taken to improve the existing insurance scheme. "If the need arises, we will approach the Centre to make changes in the existing crop insurance scheme. Crop insurance plays a key role during times of distress and natural calamities. We are committed to offer respite to farmers," he said.

TOP

Source

MOTOR INSURANCE

From February, buy motor insurance only for the distance you plan to drive - The Hindu Business Line – 17th January 2020

How about getting an insurance cover for just the number of kilometers you wish to travel or for the exact number of days of your itinerary?

From February, you can do just that as health and motor insurance will be available with many features that are unheard of till date.

In a first-of-its-kind move, the Insurance Regulatory and Development Authority of India (IRDA) has approved 37 products/applications under health, motor and intermediary categories.

According IRDAI Chairman Subhash C Khuntia, the objective of the Regulatory Sandbox approach is to identify innovative ideas to foster growth in the sector.

Regulatory Sandbox refers to live testing of new, innovative policies in controlled regulatory environment backed by relaxation of norms. A panel formed by IRDAI had scrutinized over 125 proposals in December. The insurers will try out the newly-approved products for six months from February 1. The IRDAI can also extend the time of validity, if necessary.

New products

The approved products include usage-based/pay-as-you drive motor insurance, health profile-based pricing, wearable fitness tracker, need-based health insurance and co-pay model, app-monitored diabetes and dyslipidemia management programmes. Artificial Intelligence -based applications have been also approved.

Referring to the approvals received by his company for co-pay under health insurance and 'pay-as-you-consume' motor insurance, Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance, told Business Line: "We are hoping that with these innovations, we will be able to create a better society to live in encouraging good driving behaviour and a healthy lifestyle." At present, premium for a motor insurance policy for the Own Damage part is based on the age, make and model of the vehicle. "The pay-as-you-consume model will help us change this and charge premium based on kilometers utilised by the insured or the amount of time they intend to drive the car," he added.

(The writer is G Naga Sridhar.)

Source

TOP

Auto makers under scanner for forceful sale of motor insurance policies to customers – Moneycontrol – 16th January 2020

The insurance regulator is looking closely into the allegations of auto-makers forcefully selling motor policies to customers at the time of a vehicle's sale. There have been complaints filed with the competition watchdog against the push-tactics used by some of the automobile firms for selling motor policies.

This could come in as a relief to car/bike buyers who have faced sales representatives making the purchase of their pre-set motor insurance as a precondition for vehicle purchase. This restricts buyers from accessing the array of insurance products available in the market and looking at the product features before making a purchase decision.

According to the law, motor third-party insurance is mandatory for all vehicles running on Indian roads. These products are usually purchased from the same dealer from where an individual buys his car or bike. "Because the auto companies have the bargaining power, they have been pushing consumers to buy specific insurance sold by them. There have been instances where a motor insurance product is sold at a higher premium. This is now being scrutinized," said a senior official.

To deal with this, the Insurance Regulatory and Development Authority of India (IRDAI), is cracking down on the unauthorized sale of motor insurance policies by service providers. In the past, there were multiple instances of Original Equipment Manufacturers (OEMs) that were dictating terms to dealers on the insurance being sold, but it is expected to come under control.

IRDAI, in an earlier circular, said that no motor insurance service providers (MISP) or insurance intermediary can enter into an agreement with the OEM that has an influence or bearing on the sale of motor insurance policies. However, there have been cases where auto makers have mandated the policyholders to buy motor policies only from them. This in turn pushes up the vehicle price leading to impact on sales.

While there are clear rules prohibiting auto makers from forceful sale of motor policies, recent violations show that the customer's options are being limited. This is a clear anti-competitive practice that is now being probed. With multiple such cases being reported over the last few quarters, the insurance regulator will look into the matter. It is likely that insurance intermediaries and insurance companies working with such auto makers will also be called in for discussions. Those insurance entities found of indulging in anti-competitive practices will be penalised.

(The writer is M Saraswathy.)

Source

TOP

No cover? Vehicle will be seized on spot – The Times of India – 14th January 2020

The next time you're caught by the traffic police or RTO officials with no car insurance, your vehicle will be impounded on the spot. The car will be given back to the owner only after it is insured, warned the state transport commissioner, Sekhar Channe, on Sunday.

As a part of Road Safety Week, Channe said insurance was animportant aspect of every vehicle on road. "You will have to compulsorily get the vehicle insured," he said. In fact, car dealers have insurance as a part of the on-road pricing of any vehicle. But there have been buyers who fail to renew the insurance once it expires after 1-3 years.

Channe said the transport department linked its Vahan software to the national insurance database, and officials could now use handheld devices to check if a car was insured by keying in its registration number.

(The writer is Somit Sen.)

TOP

Source

The dynamics of motor insurance are set to change with the insurance regulator - Industry Global News24 – 13th January 2020

India's motor insurance dynamics are set to change with the insurance regulator taking a tough stance on auto companies regulating the sale of insurance by broking firms.

A host of insurance broking companies, including Maruti Insurance Brokers, Hero Insurance Broking and Toyota Tsusho Insurance Broking, were penalized by India's Insurance Regulatory and Development Authority (IRDAI) in December 2019 and January 2020—all connected to car manufacturers. The fines ranged from crore Rs 1 to Crore Rs 3. Likewise, the regulator fined brokers like SMC and Aditya Birla Insurance Brokers for working with car companies.

Insurance company officials say fining brokers could now open the market for two dozen companies to negotiate with selected companies. Customers will benefit if upstart businesses start quoting low rates to gain a toehold in the motor industry.

The charge in all cases was that customers who purchased new cars were denied choice and were indirectly forced to purchase from a handful of insurance companies that were empanelled with the broking companies. Another argument the regulator posed was that all the firms in the panel offered the same prices, suggesting that some form of price-fixing was taking place. Third, the regulator has identified cases where insurance companies have paid more than the allowable premium by reimbursing costs It is an open secret in the insurance industry that auto dealers are controlling the distribution of motor insurance.

Although consumers are given a choice of firms, they are the ones on the panel and the pricing is often identical. The customer is free to purchase the insurance from any company, but the dealer — citing a mixed price — leads the consumer to believe he is willing to bear the insurance costs. The court order making it mandatory for car buyers to take out a three-year cover and a five-year cover for two-wheelers has put more power in dealer's hands.

While insurance distribution firms are owned by automotive companies (described by the regulator as OEMs, or original equipment manufacturers), most of the earnings are passed on to dealers.

Seeing that India's motor insurance sector was over Rs 64,000 crore, the commission is running into several thousand crore (see graphic). For the auto dealers who have to deal with thinning margins on auto sales, they are a major source of revenue.

TOP

Source

Lens on motor covers may aid buyers- The Times of India – 11th January 2020

The dynamics of motor insurance in India is set to change with the insurance regulator taking a tough stance on auto companies controlling insurance distribution through broking firms. In December 2019 and January 2020, the Insurance Regulatory and Development Authority of India (IRDAI) penalised a host of insurance broking firms, including Maruti Insurance Brokers, Hero Insurance Broking and Toyota Tsusho Insurance Broking — all linked to auto manufacturers.

The fines ranged from Rs 1 crore to Rs 3 crore. The regulator also fined brokers like SMC and Aditya Birla Insurance Brokers for their dealing with auto companies. Insurance company officials say that fining brokers for dealing with select companies could now open up the business for two dozen companies. Customers could benefit if upstart companies start quoting low rates to get a toehold in the motor business.

(The writer is Mayur Shetty.)

TOP

Source

SURVEY & REPORT

India to consider more foreign investment for insurance: reports – Reinsurance News – 14th January 2020

India has proposed easing foreign investment rules for its insurance and aviation sectors as part of a push to help stimulate the economy, according to reports from Bloomberg.

Sources said the Finance Ministry has considered increasing the limit on foreign direct investment in insurance and pension companies from 49% to 74%.

The aim is to increase the amount of foreign direct investment to as much as 6% of gross domestic product, people familiar with the matter told Bloomberg, up from less than 2% currently.

The proposals would support Prime Minister Narendra Modi’s ambition to double the size of India’s economy to $5 trillion by 2025, which has come into question amid an economic slowdown.

World Bank data shows that foreign direct investment inflows into India increased by 15% to $26 billion during the six months ending September 2019.

However, the ratio to gross domestic product has progressively declined to 1.5% in 2018.

In August last year, the Indian government significantly lowered the required volume of Net Owned Funds (NOF) for foreign insurers and reinsurers looking to establish a branch in the Gandhinagar International Financial Services Center (IFSC).

It was hoped that the move would attract foreign insurance and reinsurance companies that operate in global financial centres to open a branch in the IFSC in India.

And last month, the Insurance Regulatory and Development Authority of India (Irdai) looked to further protect state assets against catastrophes with a proposal for a state-backed insurance scheme in certain states.

TOP

Source

INSURANCE CASES

Motor Insurance Monopoly: IRDAI Allows SMC Insurance Brokers to Walk Away with Just Rs 3 Crore Penalty despite Serious Violations of MISP – Money life – 17th January 2020

The Insurance Regulatory and Development Authority of India (IRDAI) while trying to act tough on violations of its guidelines on Motor Insurance Service Provider (MISP) continue to allow insurance brokers with miniscule penalty.

In recent order, the IRDAI has levied a penalty of just Rs3 crore on SMC Insurance Brokers Pvt Ltd and ordered no performance incentives for SMC's principal officer for one year, for serious violations of its MISP guidelines. SMC Insurance Brokers provide motor insurance for vehicle sold by Honda Cars Ltd and KIA Motors.

As reported by **Money life**, the insurance regulator has been giving leeway to insurance brokers like Maruti insurance Brokers Pvt Ltd (penalty of Rs3 crore) Hero Insurance Brokers Pvt Ltd (penalty of Rs2 crore), and Toyota Tsusho insurance Broker India Pvt Ltd with a penalty of only Rs 3 crore.

By not following the MISP guidelines, these brokers have created a monopoly and allegedly earned profits of crores of rupees. According to sources, the profit earned by these motor insurance brokers could be about 10 times the penalty levied by IRDAI.

In an order issued on 8 January 2020, Sujay Banarji, member for distribution at IRDAI, says, "SMC was expected to act diligently and with utmost care and responsibility giving no room for error. Unfortunately, SMC failed in complying with the MISP guidelines, which had been created to protect the interest of the policyholders and other stakeholders. This is evident from the penalties imposed for the violations of various provisions of the MISP guidelines."

Mr Banarji asked SMC Insurance Brokers to pay a penalty of Rs3 crore, dismantle its panel of insurers and empanel all insurers on its platform, redesign its systems of seeking consumer consent for buying motor insurance, and submit a quarterly audit report from an auditor with Diploma in Information System Audit (DISA) or Certified Information Systems Auditor (CISA).

IRDAI has received complaints from policyholders about MISP sponsored insurers forcing customers to buy motor insurance policies of the insurers who are on their panel, are having uniform premium rates of different insurers for same motor vehicle and are discriminating between insurance policyholder, who has bought motor insurance from that motor dealer as against who has not bought from them.

Some agents association also filed complaint with the insurance regulator about apparent conflict of interest in the role of MISP in selling insurance policies and servicing and repairing motor vehicles under the insurance policies sold by SMC, high claims ratio under the MISP channel, extra payments made to MISPs by insurers, and disparity of treatment to agents.

In its submission, the insurance broker stated that it has appointed eight general insurers out of 25 on its panel for selling motor insurance policies. SMC Insurance Brokers also stated that has achieved information technology (IT) integration with 10 insurers for 'Honda' category and with five insurers for 'other than Honda' category.

IRDAI observed that "SMC has sold only six policies of Honda cars through the manual process. As against this the number of policies of insurers who are IT integrated with SMC are very high. It proves that the insurers who do not have IT integration are excluded from selling motor insurance policies, thereby creating a panel of insurers."

SMC also submitted that the President's Award Guide Book is between the Honda Cars (OEM) and the dealers (MISP) and it has nothing to do with it. "It is observed that the President's Guide Book is an agreement in the form of a guide book between Honda (OEM) and the dealer (MISP) in which the MISP has agreed to perform tasks for which he is rewarded, one of which is the sale and renewal of insurance policies. Since the MISP is sponsored by SMC, it is responsible for acts of omission and commission of the MISP. The MISP guidelines do not allow OEMs to set targets or offer incentives to MISP in meeting sales targets of insurance policies. By doing so the MISP and consequently SMC, being the sponsor of the MISP, has violated the MISP guidelines," Mr Banarji observed in his order.

SMC also submitted that is there is agreement between the broker and KIA Motors. As advised by the insurance regulator, SMC submitted a service level agreement between itself and one of the insurers with regard to KIA motors. "The agreement is broadly in line with the conditions put in the MISP Guidelines," IRDAI said.

IRDAI also noted that SMC being a representative of the customer, has a responsibility to ensure that he gets the best terms, benefits, coverages and render proper advice on appropriate insurance cover and terms. By having a uniform rate across all insurers, SMC has not performed the functions of the direct broker and violated Regulation 4 of IRDAI (insurance Broker) Regulations 2018, it said.

Taking serious note of the affidavit submitted by principal officer of SMC, the insurance regulator says it was found to be contrary to facts. It says, "Considering the seriousness of the issue, the Authority under Guidelines 15(d)(1) of MISP Guidelines directs that SMC shall not release performance incentives to the principal officer for one year from the date of this order."

Source

TOP

Insurance firm told to pay Rs 9L to kin of boy run over by truck – The Times of India – 14th January 2020

A city tribunal dismissed an insurance firm's claim that a fake policy was created by the owner of a truck involved in an accident and held that it was up to the firm to have taken swift action and that it cannot absolve of the liability of paying compensation and deny a third party of compensation. The tribunal directed the firm to pay Rs 9 lakh compensation to the family of a 11-year-old boy.

Source

TOP

PENSION

Atal Pension Yojana: You can get more than Rs 5000/month pension! Here's why – Financial Express – 15th January 2020

Thinking to join Atal Pension Yojana or not? One thing that may be stopping you from subscribing to this Central Government's flagship pension scheme is the popular notion that only Rs 5000 is the maximum amount one can get as a monthly pension. This is not true. The maximum pension one can get under APY could be more than Rs 5000. But there is a condition: the subscribers' contribution should return more than the assumed return during the subscription period.

When someone joins the scheme, a minimum pension of Rs 1,000 or 2,000 or 3,000- or 4,000 or 5,000 is guaranteed on the basis of an assumed return. The contributions to APY are invested as per the PFRDA guidelines. If the actual return will be more than the assumed return, then the subscriber would be eligible for the excess amount. In case the actual return is lower than the assumed return, the government will pay the balance amount to provide the guaranteed minimum pension.

APY details

Atal Pension Yojana is focused on the unorganised sector workers. It guarantees a minimum pension of Rs 1,000 or 2,000 or 3,000- or 4,000 or 5,000 per month from the age of 60 years depending on the contributions made by the subscribers. The APY scheme is open to all citizens of India between the age of 18-40 years. For opening the APY account, a subscriber should have a savings bank account/post office savings bank account. PFRDA says, "The prospective applicant may provide Aadhaar and mobile number to the bank during registration to facilitate receipt of periodic updates on APY account. However, Aadhaar is not mandatory for enrolment."

PFRDA on how pension is guaranteed

The biggest benefit of joining APY is that the scheme guarantees pension amount. According to PFRDA, the benefit of minimum pension is guaranteed by the Government in the sense that "if the actual realised returns on the pension contributions are less than the assumed returns for minimum guaranteed pension, over the period of contribution, such shortfall shall be funded by the Government."

Also, subscribers can get more than the guaranteed minimum pension if the actual return on their contribution better than the assumed return. "if the actual returns on the pension contributions are higher than the assumed returns for minimum guaranteed pension, over the period of contribution, such excess shall be credited to the subscriber's account, resulting in enhanced scheme benefits to the subscribers," says the regulator.

Subscribers' contribution to APY are invested as per the guidelines prescribed by the PFRDA. After the completion of 60 years, subscribers can submit the request to the associated bank for drawing the guaranteed minimum monthly pension or higher monthly pension, if investment returns are higher than the guaranteed returns embedded in APY.

More women join APY

A new trend has been witnessed in Prime Minister Narendra Modi's flagship APY scheme. The number of women subscribers of the scheme has gone up to 43 per cent in last three years. "Enrolment percentage of women with respect to total enrolments under Atal Pension Yojana has witnessed an increase from 37% to 43% in the last 3 years. It is a positive change to ensure equal gender participation in APY," PFRDA tweeted today.

(The writer is Rajeev Kumar.)

[TOP](#)

Source

Govt to make single regulator for pension products to tap long term funds – Mint – 13th January 2020

A unified pension products regulator is on the anvil consolidating supervisory powers from SEBI, IRDAI where all superannuation products, schemes and corpus of private insurers will be under the single authority in a bid to make long term funds available to the government for infrastructure and growth schemes, said sources.

"The new regulator will only involve pension assigned funds of multiple handlers like IRDAI governs Unit Linked Pension Plans (ULPPs) and annuities. Government Employees' Pension Scheme (EPS) is governed by Employees' Provident Fund Organisation (EPFO) and superannuation funds are managed by either employers or insurance companies, regulated by the IRDA. SEBI regulates retirement funds are managed by Mutual Fund," said the sources.

The proposals were submitted by the PFRAI to the finance ministry in December and the inter-ministerial discussions are now over and the decisions will be taken to Cabinet next month, sources added.

The changes however exclude EPFO products. EPFO manages funds worth ₹15 lakh crore. The amended Act will also see handing over of the management of the NPS trust to the government. The NPS Trust, is currently under PFRDA. NPS has a corpus of ₹4 trillion. Private pension corpus could be around ₹8 trillion and growing, said the sources.

The idea is to consolidate the schemes and products insurance companies and MFs to avoid complexities and different cost for the subscribers (consumers) under one umbrella for their better utilisation, sources in the knowledge however said this is being done where Central government will have access to crores of funds for the infrastructure development and growth schemes from the private insurers as the revenues are drying up on the expected sources -- taxes, disinvestments. Government is banking on the argument that an efficient pension system will make long term funds available for investment especially in infrastructure and economic growth.

Government is eyeing mainly the pension plans corpus of the private insurers offering deferred annuity, immediate annuity, life annuity and national pension schemes. Max Life, Bajaj Allianz, HDFC Life, Reliance ICICI Pru among others.

Recently Finance Minister Nirmala Sitharaman unveiled ₹102 trillion national infrastructure pipeline. India plans to invest about ₹102 trillion in the infrastructure sector in the next five years to achieve the GDP target of $5 trillion by 2024-25, she said.

The finance ministry had set up a task force headed by Economic Affairs Secretary to prepare a roadmap for the national infrastructure pipeline from 2019-20 to 2024-25 under the ₹102 trillion infra plan.

TOP

Source

IRDAI CIRCULARS

New Business Statement of Life Insurers for the Period ended ended 31st December, 2019 (Premium & Sum Assured in Rs.Crore) is available on IRDAI website.

TOP

Source

GLOBAL NEWS

Indonesia: Govt and lawmakers act on state owned insurers – Asia Insurance Review

Indonesia will appoint state financial firm Bahana Pembinaan Usaha Indonesia as a holding company for state insurers to improve their finances, a deputy minister said yesterday, as the government puts together a rescue plan for a second troubled insurer, reported Reuters.

The holding company will help pool cash flows among state insurers and may potentially help raise funds by seeking strategic partners, the Cabinet Secretariat said in a statement on its website.

The move comes as the government plans to restructure life insurer Asuransi Jiwasraya after customers, who claim to be owed IDR16.42tn ($1.20bn) for maturing bancassurance savings, pressed authorities for an urgent solution.

Jiwasraya is the second major Indonesian life insurer to run into financial trouble after mutual insurance company Bumiputera, which has been in a restructuring process since 2013 following mounting claim liabilities. A third insurer, the state owned Asuransi Sosial Angkatan Bersenjata Republic Indonesia (Asabri) is mired in heavy investment losses.

The government has also pushed for a number of measures, including a large-scale audit of every state-owned insurance and pension firm in the country, to map out a more feasible investment scheme and prevent liquidity issues.

Lawmakers

Separately, the House of Representatives is set to establish working panels in three of the legislative body's commissions to investigate issues surrounding state-owned insurance companies Jiwasraya and Asabri.

According to a report in The Jakarta Post, the commissions are:

- House commission overseeing legal affairs, with the working panel overseeing the Attorney General's Office (AGO) in handling the cases;
- House commission overseeing trade, industry and investment, with the panel in charge of supervising the State-Owned Enterprises Ministry in damage control; and
- House commission overseeing financial affairs, with the panel monitoring the government's disbursement of public funds, a task previously handled by the state owned insurers.

House deputy speaker Sufmi Dasco Ahmad said it was more feasible to establish working committees than a special committee since the latter would take longer to set up. He said that the working panels could be formed immediately.

Asabri's liquidity unaffected, says minister

Separately, State-Owned Enterprises Minister Erick Thohir has said that Asabri's IDR10tn ($732m) investment mismanagement is not affecting the company's liquidity.

"I assure you that Asabri is fine. Its cash flow and assets are all good, unlike Jiwasraya," he said. Asabri's stock portfolio plunged by more than 95% last year. Some of the stocks in the insurer's portfolio were similar to those of the ailing Jiwasraya that were deemed "low-quality stocks" by the Supreme Audit Board.

Mr Erick said Asabri would still be able to pay claims to its policyholders, who consist of National Police officers, the Indonesian military and employees of the Defence Ministry. The insurer is guaranteed by the Finance Ministry, he added.

Source

TOP

Thailand: Non-life insurance market estimated to have grown by 5% in 2019 - Asia Insurance Review

The non-life insurance market is assessed as likely to have met its 5% growth target for 2019, the Thai General Insurance Association (TGIA) has said.

For the first 11 months of 2019, the non-life insurance sector reported 4.7% growth in total premiums received. For the year as a whole, premiums are estimated to amount to THB243bn ($8bn) , up by 5% from THB232bn in 2018, said TGIA chairman Anon Vangvasu.

Non-life insurance businesses saw promising growth in the first half of last year, but momentum began to slow during the second half as car sales fell.

Motor insurance contributes about 60% of total non-life insurance premiums. Other challenges experienced by the non-life segment included fiercer competition and a price war. Mr Anon said he expected motor insurance premiums to continue declining in 1H2020.

TOP

Source

Indonesia: Govt to establish agency to provide guarantees to protect policyholders - Asia Insurance Review

The government is preparing to establish an agency that can act as a guarantor of insurance companies, to protect the interests of policyholders, according to deputy finance minister Suahasil Nazara.

MrSuahasil said that the establishment of such an agency is to be effected by enacting a new law, even though the insurance law, promulgated in 2014, mandates the setting up of a guarantor, reported *Tempo*.

The need to insure policyholders has resurfaced following the failure of state owned Asuransi Jiwasraya to pay out benefits to customers under its unit linked plan, JS Saving Plan.

Separately, the Indonesian Consumer Protection Foundation (YLKI) welcomes the formation of an agency to guarantee insurance funds. Its chairman Tulus Abadi said that the need for the agency is quite urgent so that similar problems such as those faced by Jiwasraya would not recur.

Mr Tulus said that the insurance industry already has a mechanism through which insurers buy reinsurance that would cover customers for risks of bankruptcy or default by insurers. Unfortunately, such cover was not acquired by Jiwasraya.

TOP

Source

Thailand: Motor premium rates to increase due to losses - Asia Insurance Review

Many general insurance companies anticipate that premium income in the sector would increase this year by 1.5-3%, slowing down from 2019 when the premium growth rate is estimated at 5%.

Aside from slower economic growth, the non-life sector sees challenges to sales because of planned increases in premiums in compulsory motor insurance business, reported *Bangkok Business*. The increases, of at least 10%, are set to take effect from April 2020.

Mr Anon Vangvasu from Bangkok Insurance, who is president of the Thai General Insurance Association, said that the premium increases would be because of losses in this class of business, arising largely from higher costs of spare parts and repairs. He indicated that no insurer would be willing to bear losses indefinitely.

TOP

Source

China: Agricultural insurance business posts US$10bn in premiums in 2019 - Asia Insurance Review

China's agricultural insurance market has reported premiums of CNY68bn ($10bn) for last year, more than 13 times the premium volume of CNY5.18bn seen in 2007, said Mr Liang Tao, a vice chairman of the CBIRC.

The robust growth was due to wider coverage and higher premium rates. Over 360m rural households have obtained agricultural insurance claim payments totaling CNY240bn since 2008, according to a report in *China Knowledge.*

Agricultural insurance in China covers situations and events such as plant diseases and pests, possible losses in quality or yield of more than 270 kinds of crops due to natural disasters, and other risks.

The CBIRC will continue to encourage the development of new agricultural insurance products with the application of new technology in the agriculture sector, said Mr Liang.

TOP

Source

Australia: Insurers halt sales to fire-affected areas - Asia Insurance Review

Two of Australia's largest insurers have suspended sales of insurance policies to fire-affected areas in New South Wales and Victoria.

Suncorp and IAG have put a temporary embargo on areas across both states in a move to stop people from panic-buying insurance at the last moment before their homes are destroyed, reported *Financial Standard*.

A Suncorp spokesperson said, "Insurance is intended to provide cover for unforeseen events. When a significant weather event is extremely likely or imminent, and therefore no longer unforeseen, insurers may put an embargo in place to stop accepting any new business, given the elevated risk."

"This is common practice across the industry. There are exceptions for existing customers in certain circumstances, such as when you are buying a home. We are constantly reviewing areas that are embargoed and aim to lift restrictions once the imminent threat has passed."

To date, Suncorp has received over 2,600 bushfire-related claims, with a total cost of between A$315m ($217m) and A$345m. IAG has received 2,800 claims with an estimated cost of around A$400m.

TOP

Source

Taiwan reintroduces usage-based insurance policies for scooter riders - Asia Insurance Review

Taiwanese regulator Financial Supervisory Commission (FSC) has approved Nan Shan Insurance to work with electric scooter manufacturer Gogoro to provide legitimate usage-based insurance (UBI) policies for scooter riders, reported the Taipei Times citing an announcement from FSC.

This approval comes after FSC had asked insurers to halt UBI sales last year as these insurers lacked adequate data on user behaviour. They therefore failed to convince the regulator that their premium calculations were accurate, said Insurance Bureau Director-General Shih Chunghwa.

The bureau noted that few insurers had asked riders to record their electric scooter usage via mobile apps developed by them which resulted in many consumer disputes.

Unlike traditional vehicle insurance policies, UBI premiums vary depending on factors such as the distance measured by a vehicle's odometer or riders' behaviours and their riding speed.

The premiums for the upcoming UBI policies will be determined using Gogoro's database, said Mr Shih.

Gogoro records distances covered by its users and offers a battery change service to them as well. This means that Nan Shan will be receive comprehensive data and avoid consumer disputes.

The insurer expects to launch the new policies in the second quarter of this year at the soonest, it said.

TOP

Source

China: Pension market needs reform & more participation - Asia Insurance Review

China needs to promote pension investment to bolster its capital markets, Mr Fan Yifei, deputy governor of China's central bank has said, according to a Reuters report.

Mr Fan said at a forum last weekend that reforms in the pension security system could strengthen China's financial markets by promoting and developing the institutional investor base.

He said the pension system can help develop direct financing and would support the country's "deleveraging" campaign, if long-term pension funds are matched with companies' equity financing and long-term bonds.

China could further open up its financial markets by allowing more foreign financial institutions to participate in its pension investment management, he added.

The comments were made as Beijing vowed more measures to underpin its financial markets to help the world's second largest economy.

TOP

Source

China: Govt to launch medical insurance reform - Asia Insurance Review

China will accelerate building a medical insurance system that covers its entire population through a new round of medical insurance reform, reported Xinhua News Agency. The goal is also to make the system more sustainable.

The reform will optimise the current basic medical insurance system, which covers 95% of the population, and seek to complement it with other forms of medical insurance, including commercial health insurance, a medical relief system and charity medical donations, said Mr Zheng Gongcheng, head of the China Association of Social Security.

Improvements will be made to medical insurance and relief mechanisms for major and serious diseases, according to the National Healthcare Security Administration.

A meeting of the central committee for deepening overall reform in November 2019 reviewed and approved a document concerning medical insurance system reform, which calls for efforts to speed up the building of a sustainable and multi-tier medical insurance system that covers all residents in urban and rural areas.

The core task of the new round of reform is to make the development of medical insurance more balanced and sufficient and to address institutional obstacles, Mr Zheng said.

Excessive fiscal subsidies

He noted the problem concerning excessive fiscal subsidies for medical insurance, saying that payment of liabilities is so unbalanced that the current medical insurance comes close to a welfare project.

TOP

Source