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QUOTE OF THE WEEK

"What lies behind you and what lies in front of you, pales in comparison to what lies inside of you."

Ralph Waldo Emerson

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Non-Admitted Insurer

A non-admitted insurer is an insurance company that is not licensed to underwrite risks in a given territory. Non-admitted insurers are still allowed to sell insurance policies in the territory in question. This allows them to issue policies that admitted insurers cannot, but may also come with less security.

The insurance industry is highly regulated, with licensing schemes, enforced best practices, and a number of other mechanisms to ensure that insurance products are secure investments and that policyholders are treated fairly. Insurers who have not be officially authorized to work in a given territory, however, don't have to follow these industry regulations, which means they can issue riskier policies and take on policyholders that admitted insurance companies deem too risky to insure. Purchasing a policy from a non-admitted insurer can be riskier, but that is not always the case. Consulting industry ratings, for instance, could reveal that an admitted insurer is in worse standing than a non-admitted insurer.

LIFE INSURANCE

Fear reinvestment risk? Go for immediate annuities instead, say experts - Business Standard – 11th February 2022

The Life Insurance Corporation (LIC) of India recently revised the annual pension on its immediate annuity plan, Jeevan Akshay VII, upward. A person aged 60 will now get a return of 8.49 percent in the without-return of purchase price (RoPP) variant and 5.99 percent in the with-RoPP variant. A change of rate by the industry's largest player assumes significance. LIC's assets under management in the pension, general annuity, and group fund category stood at Rs 9.12 trillion, compared with Rs 1.3 trillion for all private players (Source: Insurance Regulatory and Development Authority of India's annual report, 2020-21). Interest rates on fixed-income products have been declining over the long term. "State Bank of India one-year fixed deposit (FD) gave 8.25 percent in May 2015 and gives 5.1 percent today," says Vivek Jain, business unit head–investments, PolicyBazaar. This trend creates reinvestment risk: when a person goes to reinvest the corpus from a product that has matured, he could be forced to do so at a lower rate. An annuity allows an investor to lock in the rate of interest for his lifetime. "It offers protection against longevity risk – the risk that you may outlive your savings," says Jain. Other fixed-income products allow you to lock in the rate for a limited period.

ANNUITY RATES RANGE FROM 5.82-6.51% FOR 60-65-YEAR-OLDS

Annual pension (₹) on investment of ₹ 10 lakh (Without GST)

Plan	60-year-old	65-year-old
HDFC Life New Immediate Annuity Plan	65,000	65,100
Kotak Lifetime Income Plan	64,370	64,268
Max Life Guaranteed Lifetime Income Plan	62,230	62,450
IndiaFirst Life Guaranteed Annuity Plan	62,228	62,659
Exide Life New Immediate Annuity	61,820	62,470
Bajaj Allianz Life Guaranteed Pension Goal	61,711	61,640
PNB MetLife Immediate Annuity	61,514	61,764
SBI Life Annuity Plus	61,470	62,103
IPru Life Guaranteed Pension Plan	61,134	61,102
Canara Pension4Life Plan	60,470	60,970
LIC India Jeevan Akshay - VII	59,888	60,296
Tata AIA Life Smart Annuity Plan	58,238	58,863

*Without GST; The figures are for life annuity with return of purchase price, where the invested amount is returned to the nominee

Source: PolicyBazaar

"Senior Citizen Savings Scheme (SCSS) allows you to lock in the rate for five years, FDs for up to 10 years, and Pradhan Mantri Vaya Vandana Yojana (PMVVY) for 10 years. With long-term government bonds, you can lock in the rate for up to 30 years," says Deepesh Raghaw, founder, PersonalFinancePlan, a Securities and Exchange Board of India-registered investment advisor. An elderly person may worry that his family members will not be able to manage his wealth in his absence. Or may fear his children may not look after his spouse in his absence. Parents worry about the well-being of specially-abled children. "All these people can ensure a constant income stream for their dependants' entire lifespan through an annuity," says Raghaw. The rate of interest on immediate annuities is not attractive, especially in the with-RoPP variant, compared to products like SCSS and PMVVY, which offer 7.4 percent. Returns from annuities also tend to be low when bought at a younger age. Their returns are also not inflation-protected. The value of the amount they pay erodes over time. Liquidity poses another challenge. “If you want your investment back, the surrender value will typically be 75-80 percent,” says Jain. Investors can earn a better rate of return from an immediate annuity by staggering their purchases. “Buy in tranches at 60, 65, 70, and so on. The rate of return improves a lot with age, especially in the without-RoPP variant,” says Raghaw. Weigh the pros and cons of the without- and the with-RoPP variant. The former gives a higher return. “You have to invest a smaller amount to get the desired pension. The money thus freed up can be used for other purposes,” says Raghaw.

According to Naval Goel, chief executive officer, PolicyX.com, “Those who don’t have dependants and desire a higher return may opt for this variant.” Those who want to pass on wealth to their heirs may prefer the with-RoPP option. “One risk in the without-RoPP variant is that the invested amount goes completely waste in case of early death,” says Jain. Check the surrender value, which varies across insurers. “The standard product, Saral Pension, with a surrender value of 95 percent, scores in this regard,” says Jain. Owing to the low liquidity in immediate annuities, retirees must keep a considerable portion of their retirement corpus in more liquid instruments. Finally, compare rates. “But since these are very long-term products, stick to one of the bigger and stronger brands,” says Goel.

(The writer is Sanjay Kumar Singh.)

TOP

Life insurance claims show 136% ‘excess deaths’ during second wave of Covid in India – The Print – 10th February 2022

Life insurance claims settled in the first half of the current financial year (April to September 2021) were about 136 per cent more than the average of the same period for the seven preceding non-pandemic years – one clear indication of how many Indians may have actually succumbed to Covid in the year of its second wave.

The steep increase in claims confirms suspicion about “excess mortality” in India, which refers to an unaccounted for increase in death counts during the pandemic. However, it is nowhere close to many estimates which put such excess deaths at 6-10 times higher than official figures.

According to Union Health & Family Welfare Ministry data, there had been 5.05 lakh Covid deaths as of Wednesday evening, in the entire duration of the pandemic.

LIFE INSURANCE CLAIMS HAVE INCREASED CONSIDERABLY POST THE FIRST HALF OF FY21

Number of claims (deaths) settled by top 8 life insurance companies in India

Year	Q1	Q2	Q3	Q4
FY14	184,476	247,881	228,965	275,920
FY15	195,395	242,596	242,712	294,128
FY16	211,278	359,634	325,700	403,530
FY17	315,331	356,151	367,292	418,298
FY18	320,898	373,828	365,784	427,811
FY19	323,071	379,257	388,828	506,088
FY20	387,851	419,154	457,197	484,019
FY21	239,656	498,409	650,842	644,140
FY22	497,909	956,846		

Source: Quarterly financial disclosures by insurance companies

ThePrint

The financial year in India begins on 1 April and ends on 31 March, which means the sharp increase in claims coincided with the peak of the second Covid wave in 2021.

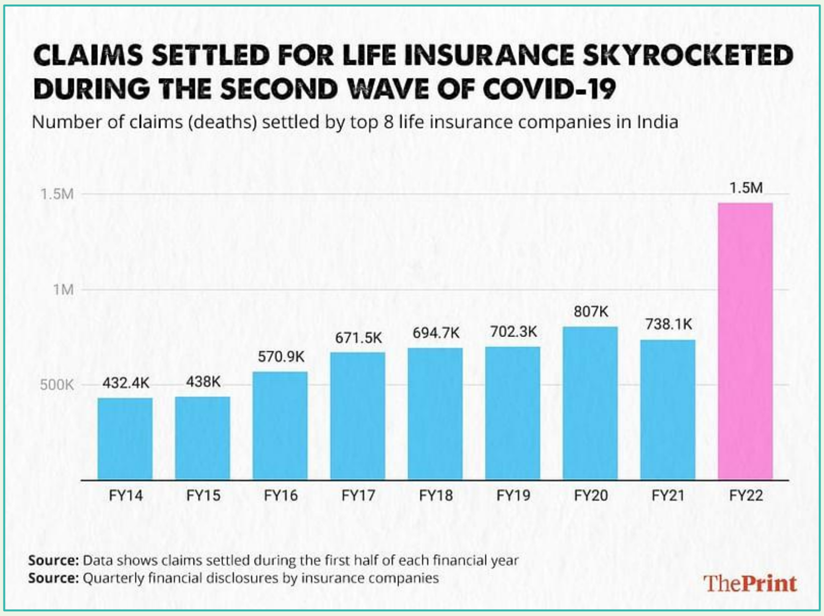
An analysis of the quarterly financial disclosures of eight top insurance companies – Bajaj Allianz Life, ICICI Prudential, HDFC Life, Kotak Mahindra, Max Life, Pramerica, SBI and LIC – shows that in the second quarter of financial year 2021-22 (between July and September 2021), a total of 9,56,846 life insurance claims were settled.

This is the highest in a single quarter since FY 2013-14.

The penetration of life insurance in India was at 3.2 per cent in 2020, according to the Economic Survey 2021-22.

Insurance claims rising since 2020

Life insurance claims rose significantly between the second and fourth quarters of financial year 2020-21, which roughly coincides with the aftermath of the first wave of Covid. Regulator Insurance Regulatory and Development Authority of India says claims should be settled within 30 days of filing, but this period cannot exceed 90 days.



In the first quarter (between April and June 2020), 2,39,656 claims were settled, but the next three quarters saw 4,98,409, 6,50,842, and 6,44,140 claims settled, respectively.

In the first quarter of financial year 2021-22, 4,97,909 life insurance claims were settled, which increased to 9,56,846 in the second quarter.

Nearly 15 lakh life insurance claims were settled in the first half of FY 2021-22, which is more than double the average of claims — 6 lakh— settled over the same period in the seven years from FY14-FY20.

Possible inferences about Covid and insurance claims

The fact that the data shows claims shooting up only during Q3 and Q4 of the first year of the pandemic, by which time the Covid numbers had started coming down after the first wave, suggests that there may have been a lag between the wave and the time period of settlement of claims.

India's first wave "peak" of over 97,000 daily cases was recorded in September 2020, while Q3 and Q4 span the period from October 2020 to March 2021. The rise in life insurance claims can be attributed to deaths due to Covid as well as the "collateral damage" of pandemic.

While there is no definitive data, health experts believe that Covid-related restrictions and fears — as well as the way the medical infrastructure was swamped by the pandemic — affected the treatment of other diseases, like cancer and TB, which may have led to increased mortality. Besides, the steep increase in claims is also in line with studies that point to a high rate of "excess mortality" in India directly or indirectly due to Covid.

Estimates of excess deaths in India

While India's official Covid death toll is just upwards of 5 lakh, various studies have challenged India's count. In a July 2021 working paper published by the Center for Global Development, researchers Abhishek Anand, Justin Sandefeur, and Arvind Subramanian, a former chief economic adviser to the Indian government, gave three estimates of excess deaths during the Covid pandemic, arrived at using different methodologies.

The paper explained: "First, extrapolation of state-level civil registration from seven states suggests 3.4 million excess deaths. Second, applying international estimates of age-specific infection fatality rates (IFR) to Indian seroprevalence data implies a higher toll of around 4 million. Third, our analysis of the Consumer Pyramid Household Survey, a longitudinal panel of over 800,000 individuals across all states, yields an estimate of 4.9 million excess deaths."

The study's authors acknowledged that each of these estimates had "shortcomings" and that estimating Covid deaths with statistical confidence could be "elusive", but asserted nonetheless that the death toll from the pandemic was greater than the then official count.

The authors of the study also noted that it was likely that the first wave of Covid in 2020 "was more lethal than it is believed". Last month, a study published in Science also estimated that Covid deaths in India could be almost as high as 3 million (30 lakh), which is about six times higher than the official figures.

The Science paper also examined data from different states to calculate estimates of excess deaths during the second Covid wave in April-May 2021. Compared to data from 2018-19, the study pegged excess deaths at 230 per cent in Gujarat, 215 per cent in Madhya Pradesh, 190 per cent in Telangana, 173 per cent in Maharashtra, and 169 per cent in Haryana. Excess deaths, according to this paper, were the lowest in Kerala at 37 per cent.

(The writers are Abantika Ghosh and Nikhil Rampal.)

TOP

Buying new policy instead of reviving old one could mean higher premium – Business Standard – 10th February 2022

The Life Insurance Corporation of India (LIC) is currently running a special campaign for reviving lapsed individual policies, which will go on till March 25. It is offering concessions on late fees on select types of policies. Should you try to benefit from such campaigns that insurers run periodically? All insurance policies have an expiration date. If the policyholder fails to renew the policy before that date, it lapses. Melvyn Joseph, founder and chief financial planner, Finvin Financial Planners says, "A lapsed insurance policy is equal to having no policy at all because the policy's coverage is no longer valid." Policies don't lapse instantly. Tarun Mathur, co-founder and chief business officer (CBO), Policybazaar.com says, "If you don't pay the premium on time for a term policy, it will become inactive but will not lapse." Term policies offer buyers the option to pay the premium in monthly, quarterly, or half-yearly installments, or in one lump sum annually. Insurers offer a grace period of 15 days if you pay monthly premiums and 30 days if you have opted for the quarterly, half-yearly, or yearly option.

Once the grace period has passed and the policy has lapsed, it can only be revived within a limited period. According to the Insurance Regulatory and Development Authority of India's guidelines, the maximum revival period for term policies issued prior to December 2019 is two years. It is five years in case of policies issued after December 2019. To revive a policy, the policyholder needs to submit a request. Mathur says, "The policyholder must also pay all the outstanding premiums from the date of the first unpaid premium to the revival date. He must also pay interest on outstanding premiums and any applicable taxes and levies." Some concessions may be offered during special campaigns, like the one LIC is running now. The insurer sometimes asks the policyholder to undergo a fresh medical check-up. Naval Goel, founder & chief executive officer (CEO), PolicyX.com says, "If the policy is revived within 30 days to six months of lapsing, the insured needs to just give a good health declaration. But if the policy is being revived after two-three years, the insured could be asked to undergo a fresh medical check-up."

According to Kayzad Hiramanek, chief-operations & customer experience, Bajaj Allianz Life, "The insurer has the right to reject a revival request if the health condition of the insured has changed substantially." Buying a new policy, instead of reviving the old one, has a few downsides. Hiramanek says, "Buying a new life cover will cost more, given the change in the insured's age and health condition." Financial planners, however, say that in case of a term policy, it does not make sense to pay the premiums for the past years along with the penalty. Joseph says, "It is true that the premium for the new policy will be expensive. But that is better than reviving an old policy and paying premium arrears and interest for the years that have already gone by." Essentially, you need to do the math to see whether reviving makes more sense or buying a new policy. In the case of traditional plans, reviving the old policy makes even less sense. Mrin Agarwal, director, FinSafe.in says, "If you do not renew the lapsed policy and instead invest the premium amount for those years in the market, you will earn more despite the loss of premiums paid." The returns on traditional plans tend to be low at 4-5 percent.

(The writer is Bindisha Sarang.)

[TOP]

Accidental disability can leave your term life insurance cover worthless; here's how a disability income rider can help – The Economic Times – 8th February 2022

A standard term life insurance policy helps dependent family members by providing much needed financial support in case of unfortunate demise of the insured person. However, the same support is not extended if the insured person survives an accident with permanent disability. This happens because the term insurance pays the beneficiary only in case of the death of the insured person. This is where the additional financialf protection against permanent disability offered through riders with term plans can come in handy. "Accidents go beyond car crashes and train wrecks, and might even occur in safer spots like workplaces or home. No one can foresee what a sudden casualty will entail. Even if the policyholder survives a major accident, there is a high possibility of a permanent disability," says Sajja Praveen Chowdary, Head-Term Life Insurance, Policybazaar.com. "This not only threatens to uproot the financial resources of the family but also potentially wipe out a regular source of income from employment. To overcome the gravity of such a loss, it's better to have an accident disability rider added to your policy," adds Chowdary. There are two types of additional protection through insurance riders. The first one is waiver of premium on permanent disability and the second one is income on permanent disability.

In case of a permanent disability due to an accident it often results in partial or significant loss of income earning ability. In such a situation paying the life insurance premium could become unaffordable. This is where the waiver of future premium on disability rider comes to help. "In case of permanent disability, all future premiums payable by the policyholder are waived off. The policy benefits, however, remain in force till the end of the policy term," says Abhishek Misra, CEO & Principal Officer at Bonanza Insurance Broker. The waiver of premium on permanent disability rider helps in keeping insurance cover alive so that in worst situation if the person dies the family gets the crucial financial support through insurance cover amount. However, if the insured person faces complete loss of earning capacity and the family has to spend a good fortune on treatment then this rider falls short in helping the family. This is where the disability income benefit rider that helps the family. "A disability income rider is an optional provision in an insurance contract which offers regular monthly income to the policyholder in the event of total permanent disability," says Misra.

Cost to add financial protection against disability

Insurer - Term Plan Name	Term Insurance Premium (Rs)	Rider	Rider Premium (Rs)	Total Premiur (Rs)
HDFC Life - Click 2 Protect Life	22,434	Accidental Disability	319	22,753
TATA AIA - Sampoorn Raksha Supreme	17,228	Accidental Disability	32	17,260
Max Life Insurace - Max Life Smart Term Plan	16,256	Accidental Benefit Rider	708	16,964
Bajaj Allianz - Bajaj Allianz life Smart Protect Goal	14,488	Accidental Disability	509	14,997
PNB MetLife - Mera Term Plan Plus	17,228	Accidental Disability	177	17,405
Edelweiss Tokio - Total Protect Plus	13,387	Accidental Disability	472	13,859

Premium for term insurance and rider for a 35-year-old male living in a metro city. Sum assured - Rs 1 crore, Policy validity up to 70 years of age.

Source: Source: Policybazaar.Com

There is a timeline in terms of waiting period after which the claim can be made for the permanent disability income. "The rider provides additional protection while the insured is unable to work for a specific period or permanently due to disability occuring because of any disease or accident. If the policyholder is diagnosed with any sort of critical ailments or has been in a disabled state for a minimum of six months, then the rider is applicable for the insured," says Rakesh Goyal, Director of Probus Insurance Broker. You can add this rider only at the time of buy a new life insurance policy as it can't be added later. "Any insured in the age group from 18 to 65 years (for most of the plans) is eligible to opt for such a rider. There could be a waiting period for this rider to be active, which would usually be around 90 to 180 days (depending on your insurer/plan)," says Goyal. While death benefits are largely paid in lump sum, however, the income rider on permanent disability offers to substitute the earning capacity of the insured person and hence, provides regular income. "Most insurers typically pay a percentage of the benefits accrued due to the rider every month for a set number of years. Furthermore, the company waives all future premiums on the base insurance policy. If the policyholder dies while the policy is still in effect due to a permanent disability, the outstanding sum assured is paid to the policyholder's nominee," says Chowdary.

So, the amount that you would get as regular income will depend upon the sum insured of the policy. "Generally, the regular monthly income paid to the policyholder is equivalent to 1 percent of Sum Assured for a fixed period term or for the entire policy term depending on the terms and conditions mentioned in the rider," says Misra. For instance, you have taken a term life policy HDFC Life with this rider with total sum insured of Rs 50 lakh you can receive a regular income of Rs 50,000 per month for a period of 10 years. Since this protection is over and above the death benefit given in a term plan therefore the policyholder needs to pay an additional nominal amount to get this rider added to the policy. "The premium paid by the insured for this rider depends on the factors such as the amount of the cover, age, insurer, coverage period, health classification and other personal factors. These premiums are usually a flat fee and remain constant throughout the policy tenure," says Goyal. HDFC Life offers accidental disability benefit riders at an additional annual premium of Rs 319, whereas Bajaj Allianz offers it at Rs 509 on sum assured of Rs 1 crore taken for a 35-year-old healthy male.

The additional premium that is charged by most of insurance companies is not too high. "It can be essential to have a disability income rider along with the life insurance as it provides financial protection to the family especially when the breadwinner is affected by any such illness and doesn't deprive them of the policy benefits even if the premium is not collected from the insured. In addition, it offers peace of mind and allows the insured to completely focus on recovery. It also acts as an ideal income alternative and helps to save on taxes as the premiums are tax-deductible under the Income Tax Act of 1961," says Goyal.

(The writer is Naveen Kumar.)

TOP

When should you not buy a term insurance policy? – Live Mint – 7th February 2022

When we talk about life insurance, pure protection term plans are the best bet. They provide adequate protection at very low cost. Take this, a term plan for a 30-year-old non-smoking woman that covers her till the age of 60 will cost her about ₹1,000 per month. This costs less than a dinner outing for two. When bought even earlier at the age of 26, the premium will be cheaper by 20 percent. But low premiums should not be the reason to buy insurance early. When you need insurance and how much is a function of your prevailing financial circumstances and there could be situations when you don’t need life insurance at all. Mint tells you three reasons to not buy term insurance. No dependents, liabilities: The crux of life insurance is to give financial protection to your dependents in your absence. If you don’t have any dependents, there’s no one to protect against eventualities. This could be the case with young earners who are not married and have financially well-off parents.

“Any insurance decision should boil down to the severity of the financial burden and the capacity of the family to bear this burden," said Mahavir Chopra, co-founder and CEO, Beshak. The idea is also not to pass on your liabilities to your kin in case of your demise. So, even if you don’t have dependents but are servicing a loan, it is recommended that you buy a term cover equivalent to the loan amount. Have significant assets: In a scenario where you have built significant assets and have very few or no liabilities, you can skip taking life insurance. However, be mindful to carry this calculation carefully. Assets and accumulated wealth should be able to replace the sole breadwinner's income after deducting all loans. Additionally, if you have financial goals lined up far into the future, such as college for children or spouse's retirement, those assets should be able to fund these goals. The premium paid for term insurance policy can be availed as a deduction from the ₹1.5 lakh tax break available under section 80C, provided the annual premium doesn't exceed 10 percent of the sum assured. Many taxpayers rush to buy life insurance for tax breaks towards the end of the financial year, even if their financial situation doesn't demand one. You can utilise the 80C deduction through PPF, ELSS, housing loan, etc. instead of buying insurance even if your family does not need it.

(The writer is Shipra Singh.)

TOP

GENERAL INSURANCE

Indian non-life insurers close Jan with Rs 21,390 Cr premium - The Economic Times – 7th February 2022

India's non-life insurance industry closed last month with a gross premium of Rs 21,390.32 crore, said the Insurance Regulatory and Development Authority of India (IRDAI). According to IRDAI, the general insurance sector earned a total premium of Rs 21,390.32 crore last month, up from Rs 18,611.31 crore earned during January 2021. Within the industry, the specialised insurers (Agricultural Insurance Company and ECGC) earned Rs 2,760.97 crore (Rs 884.28 crore in Jan 2021) and the five stand-alone health insurers logged Rs 2,019.11 crore (Rs 1,481.42 crore). On the other hand, the 24 general insurers licensed to transact all kinds of non-life insurance business booked a premium of Rs 16,610.23 in January 2022, up from Rs 16,245.62 earned during January 2021.

TOP

HEALTH INSURANCE

Can insurance companies' mergers affect claims? – Live Mint - 11th February 2022

When two insurers sign a merger deal, the new insurer (that takes over) secures existing customers from all transitions. "The health insurance policy sold by the insurance company remains intact from all aspects including features, premium prices and terms and conditions when there are mergers and acquisitions by another insurance company. The Insurance Regulatory and Development Authority of India (IRDAI) regulatory also plays a vital role in ensuring that the existing customers and the existing policy are not affected by the transition," said Naval Goel, Founder and CEO, PolicyX.com.

Let's assume that the insurance company (that takes over) changes the existing health policy in terms of terms & conditions or premium prices or even plans to withdraw it for any reason. Even in this case, the changes are only made for the new customers wherein the existing customers continue to get the same policy benefits they take before the merger and acquisition. The amalgamation of HDFC Life and Exide Life insurance is the latest to make the headlines. Before this, the general insurance companies were aggressively taking this route. For instance, Paytm acquired Raheja QBE, HDFC Ergo acquired Apollo Munich, Sachin Bansal bought DHFL General Insurance, and ICICI Lombard acquired Bharti Axa General. Goel added, "The customers remain secure from any adverse effects of mergers and acquisitions. There are about 25 life insurance companies and 29-30 general insurance companies where very few players have gone for mergers. Currently, there is no monopoly scenario where the insurance companies can rule the customers."

Understanding the positive impact of mergers and acquisitions, Sanjiv Bajaj, Jt. Chairman and MD, Bajaj Capital said that policyholders typically benefit from these deals. "When a merger or acquisition occurs, larger insurance companies take over smaller companies with lesser capabilities and skills and improve their service and delivery. This process eventually means that the industry will have bigger insurance companies with digitally advanced capabilities, better products and a stronger ability to offer complete services to policyholders, including hassle-free claim settlement process," he said. Mergers and acquisitions also do not significantly change the policy selection process. "The basics of selecting the right insurer would remain the same where the customers will need to evaluate the product suite offered by different companies, their existing customers' service, affordability and features offered by each insurance company. However, the challenge might be that there will be only better choices to select from with improved scenarios of the insurance industry," said Naval.

(The writer is Navneet Dubey.)

TOP

Centre to roll out transgender scheme tomorrow – The Times of India – 11th February 2022

From Ayushman Transgender health insurance that covers gender re-affirmation surgeries to supporting enrolment and education of transgender children through scholarships, the Centre is all set to rollout on Saturday the roadmap for mainstreaming transgender persons under the umbrella scheme SMILE or the Support for Marginalised Individuals for Livelihood and Enterprise.

The scheme of the ministry of social justice and empowerment has two components focussed on comprehensive rehabilitation of transgender persons and rehab of persons engaged in begging. As far as the component on mainstreaming transgender persons is concerned, the national portal for transgender persons launched in November 2020 will be the interface between the government and the community for availing the benefits under the central scheme.

Officials share that the ministry is working out the finer modalities for issuing the Ayushman TG Health Card and it is expected to be rolled out in a month's time. Officials from ministry of social justice and empowerment said health insurance in the form of "Ayushman Bharat TG" will be available inclusive of gender re-affirmation surgery in the health benefit package under Ayushman Bharat Yojana in collaboration with National Health Authority. Each transgender person shall receive an insurance cover of Rs 5 lakh per year under the scheme.

The comprehensive health package would cover all aspects of transition related healthcare for TG persons, including coverage for hormone therapy, sex re-assignment surgery inclusive of post operation formalities which can be redeemed at private and government health facilities.

As part of the comprehensive outreach to bring children into the fold of education, financial assistance will be provided under the scheme to TG students studying in class IX and Upto post-graduation level to enable them to complete their education. A sum of Rs 13,500 as post-matric/pre-matric scholarship to eligible transgender students who are full time student studying in a government school or one recognised by central/state board of secondary education. Under the scheme, youth and adults will be linked to skill training and employment opportunities including placement.

So far, 4,921 TG certificates have been issued through the portal to applicants in keeping with "The Transgender Persons (Protection of Rights) Act 2019", enacted in 2020. The benefits under the central scheme will be only available to those who hold the TG certificate issued by the MoSJE and are not availing benefits under similar schemes from the state or Centre.

(The writer is Ambika Pandit.)

TOP

Pandemic offers insurers a long-term opportunity - The Economic Times - 10th February 2022

The world was rebooting itself during Covid-19, but health insurers were working round the clock to settle claims. The profitability of health insurers was affected as the claims increased. According to the Insurance Regulatory and Development Authority of India (IRDAI)'s annual report, during 2020-21, general and health insurers settled 1.40 crore claims and paid Rs 43,355 crore towards health insurance claims. The average amount paid per claim was Rs 30,900. The insurance market was underpenetrated due to lack of financial literacy and awareness as well as costly premiums and a high mortality gap. Insurance penetration in India stood at 4.2 percent, with life insurance penetration at 3.2 percent and non-life insurance penetration at 1 percent in 2020-21. According to a NITI Aayog report, at least 30 percent of the population — or 40 crore individuals— do not have any financial protection for health. This shows the opportunity in this sector. A new wave of awareness has surged about health insurance due to rising medical costs, uncertainty and, most importantly, Covid-19. There are two segments in insurance — life and general. Life insurance covers term plan, endowment plan, money-back plan and unit-linked insurance plan (ULIP), among others. General insurance covers motor, health, marine and fire, among others. Motor insurance has the highest share in general insurance, followed by health. According to the IRDAI report, the share of health insurance was 26.95 percent of total insurance coverage in 2016-17 and it reached 32.08 percent in 2020-21.

Before the pandemic, gross premium in health insurance increased from Rs 9,503 crore in Q1FY19 to Rs 12,814 crore in Q4FY19. In March 2020, Covid-19 spread across the globe. Nationwide lockdown and restrictions led to a decline in health insurance premium collection as well as claims from Q1FY20 to Q3FY20. As cases came down in Q4FY20, premium collection reached Rs 31,032 crore and claims surged to Rs 25,883 crore. In March 2021, the second Covid wave led to several restrictions and a partial lockdown in various parts of the country. This affected premiums once again. As Covid-19 spread across the country, the count of health insurance policies decreased from 67,31,741 lakh to 27,92,791 lakh in Q1FY20. But as the pandemic demonstrated the importance of health insurance, people started buying policies. In Q4FY20, the policy count crossed the pre-Covid level and reached a peak. The cycle was repeated in the second wave. In Q1FY21, the policy count fell. Before the pandemic, in FY20, policies were mostly sold through agents, brokers and banks. Internet channels sold only 4-5 percent of policies. But as nationwide lockdowns and restrictions were imposed, the percentage share of sales through internet channels almost doubled to 10.60 percent in Q2FY21. As consumers have adopted digitalisation, they prefer to buy directly from the internet through insurers' websites or web aggregator platforms.

Premium collection through direct business (internet) has fallen drastically from 10.6 percent in Q2FY21 to 2.20 percent in Q3FY21. The reason: premiums collected through individual agents increased from 14.10 percent in Q1FY21 to 32.10 percent in Q3FY21. Also, premium collection from corporate agents (banks) increased from 5.40 percent in Q1FY21 to 16 percent in Q3FY21. It seems as Covid cases dropped and restrictions eased, individual agents and bank corporate agents became active again and started selling health insurance more actively. Increased awareness about insurance must have helped the agents to sell health insurance more easily. In the general insurance industry, there are five standalone health insurance companies (SAHI), 18 private sector insurance companies and four public sector general insurance companies. The four public sector companies are National Health, New India Assurance, Oriental and United India. The five standalone health insurance companies are Star Health, Care Health, Max Bupa, Aditya Birla and Manipal Cigna. Some of the famous private health insurance companies include HDFC Ergo, ICICI Lombard, Bajaj Allianz and IFFCO Tokio.

According to the IRDAI annual report, general and health insurance companies collected Rs 58,238 crore as health insurance premium (excluding personal accident and travel insurance) during 2020-21, registering a growth of 14.74 percent against 13.12 percent in the previous year. For standalone health insurers (SAHI), premium collection increased by 10.19 percent against 28.59 percent in the previous year. Health insurance premiums (excluding personal accidents & travel) have grown at a CAGR of 16 percent in the past 6 years. There was a strong surge in premium income of standalone health insurance companies as premiums grew at a 25 percent CAGR during the last 6 years, while that of private companies surged at a 22 percent CAGR. Public sector companies have been relatively low as compared to others at 10 percent. Standalone health insurers are growing faster than public and private insurers due to their complete focus on single health insurance business, focus on underpenetrated and relatively profitable retail business segment, and their partnerships with banks & other corporate agents.

According to the IRDAI report 2020-21, standalone health insurers reported a growth in the number of policies issued — at 14.34 percent in 2020-21 against 16.63 percent in 2019-20. The number of policies issued by public sector general insurers has decreased by 6.71 percent in 2020-21 against a 0.07 percent increase in 2019-20. Private sector general insurers also reported a 0.33 percent decline in the number of policies issued in 2020-21 against a 23.77 percent increase in 2019-20. Among SAHI, Star Health benefitted the most as it is the largest private standalone health insurer and the largest retail health insurance company in India. It had a market share of 15.8 percent in FY21. Star Health is the first-ever standalone health insurance company that has seen its premium increase 86 times from FY02 to FY21. The following points illustrate why Star Health has advantages: Star has gained the largest market share in accretion in retail health premium in the financial year 2021.

(The writer is Gaurav Jain & Parimal Ade.)

TOP

ESIC meet may extend Covid relief scheme, EPFO for a prudent exit policy - The Hindu Business Line – 10th February 2022

A meeting of the Employees State Insurance Corporation governing body, scheduled to meet in Gurugram on Friday and Saturday will take a decision on extending the Covid Relief Scheme of the ESIC. Under the scheme 90 per cent of the average daily wages of the deceased insured person is distributed amongst the eligible dependants.

To avail the benefit of the scheme, the deceased worker must have been in employment on the date of diagnosis of the Covid-19 and contribution for at least 35 days should have been paid during a period of maximum one year.

Financial assistance

Till January 18, around 6,006 claims have been received by the ESIC out of which 4,750 claims have been approved and ₹28.44 crore has been disbursed to 11,253 beneficiaries under the scheme till date, the governing body has been informed by the ESIC. “In order to provide financial assistance to the dependants of the IPs who may unfortunately lose their life due to Covid-19, it is proposed that the ESI Covid Relief Scheme with revised eligibility conditions may be extended for another year i.e. up to March 23, 2023,” the agenda of the meeting said.

The meeting will also discuss the Revised Estimates of the ESIC for 2021-2022 and Budget Estimates for 2022-2023. The performance budget for 2022-2023 of ESIC and renewal of service agreement between ESIC and UTI-ITSL as a bill processing agency (BPA) for one year, investment of ESI fund through Portfolio Managers UTI Asset Management Ltd. and SBI Funds Management Private Ltd for next six months from April 1, 2022 to September 30, 2022 will also be taken up during the meeting.

Prudent exit policy

Meanwhile, a meeting of the Finance Investment and Audit Committee (FIAC) of the Employees' Provident Fund Organisation (EPFO) decided to make a "prudent exit policy". "There are several complaints after the EPFO invested the workers' money in bonds which had collapsed creating a loss. We discussed the necessity for a prudent exit policy so that the money deposited could be withdrawn if a fund's rating comes down. The exit policy will be finalised when the EPFO Board of Trustees will meet in Assam in the first week of March," a member in the FIAC told Business Line.

(The writer is A. M. Jigeesh.)

TOP

Indian hospitals fraught with financial stress resulting from govt schemes and medical insurance claims - Pharma Biz - 10th February 2022

Indian hospitals are struggling financially as they rely on government schemes and patients with medical insurance policies, both of which have not been adjusting to pricing in line with the rising costs. A huge challenge with government schemes is the timely payouts, something that the hospitals are urging the government to work on, said Himesh Joshi, CEO & co-founder, Ayu Health Hospitals.

The pandemic phase in the last two years exposed the shortcomings of Indian healthcare. Unavailability of the right medical facilities has brought about a distrust in the system, he added. Some of the challenges that the healthcare industry witnessed during the 1st and 2nd wave of the pandemic were infrastructural problems, unavailability of required information, paucity of hospital beds, trained staff, equipment and consumables, Joshi told Pharmabiz.

Most of the patients in India do not have a trusted or a go-to-brand for healthcare. Be it lack of transparency on pricing, poor service quality, or sub-par clinical outcomes, patients are often dissatisfied. We saw the need to create a brand that resonates with trust. Ayu Health started operations in Chandigarh in 2019 on boarding one hospital which grew to 40+ hospitals with 2,000+ beds and successfully served over 1,00,000 patients.

There are over 200 medical specialists armed with 15 years' experience and in addition 150 employees. Our proprietary tech platform helps manage patient conversion, process insurance claims, drugs and consumable procurement. Efforts to network with NABH accredited small-medium sized hospitals are on to standardize healthcare delivery, pricing, and procurement, he said.

There are limitations with the traditional models and most hospital chains have not scaled beyond 10-15 centres. Hospital chains of the future will be built on a model which leverages technology to empower high quality doctor entrepreneurs to scale-up and serve patients. India needs a network of hospitals for patients to access high quality treatment with fair and transparent pricing, noted Joshi.

In September 2021, Ayu Health raised Series-A funding of $6.3 million from Vertex Ventures and Stellaris Venture Partners. With the addition of 5,000 beds across India, it expects to grow the business by 10 times this financial year to set up reliable neighbourhood hospitals for patients to access quality healthcare near their home. Its 3-pronged approach is a 100% fixed price package, assign a dedicated 'point of contact' and counsellor at the hospital, ensure consistent and good clinical outcome. During the pandemic, the healthcare industry evolved to adapt to virtual-telehealth consultation and remote monitoring. A slew of apps enabled online consults, access to healthcare records and lab test bookings, stated Joshi.

TOP

Demand for OPD insurance covers surge in third Covid wave – The Times of India – 10th February 2022

Health insurers see rising demand for Out Patient Department (OPD) covers on the back of lower rate of hospitalization and higher doctor consultation, diagnostic investigations and check-ups during the third Covid wave. ICICI Lombard has recorded a 30 percent month-on-month rise in sales volume of its OPD rider policy, which was launched last year. Sanjay Datta, who heads the underwriting and claims division of the privately-owned general insurance company said, "Some illness does not require hospitalisation and can be diagnosed and treated in an Out-Patient Department (OPD) and these expenses can be significant, especially post the pandemic outbreak. There is a strong demand for these products among customers in metro cities," Datta said. OPD cover is offered as a rider, which is an additional coverage that can be opted by insured on payment of extra premium over and above their base policy. This rider is available both on new purchase of policy as well as renewal of existing policy. Insurers say the demand for OPD is for both Covid and non-Covid illnesses.

Nikhil Kamdar, appointed actuary, Digit insurance, said demand in OPD covers spiked by 120% in December 2021 compared to November 2021. "We also saw a rise in the number of non-hospitalization claims in health insurance and in January this year, such claims accounted for 23% of the total health claims compared to just 4% during the same period last year," he said. Between December 2021 and January 2022, Digit saw a rise of 420% in the number of non- hospitalization claims. "We also saw an uptake in utilization of the wellness benefit feature offered in our App which includes online tele-consultations," Kamdar said.

Bajaj Allianz General Insurance which launched its OPD cover in December, 2021, said it has recorded sales beyond its set target. Gurdeep Singh Batra, its head of retail underwriting said with a one-month waiting period, the claims have already started coming in the month of February. "One can opt for this cover unlimited times during the policy period," Batra said. The writer is Mamtha Asokan.

Similarly, Mumbai-based Kenko Health, a D2C health management organization that provides financial coverage for out-patient treatments and mental health, has seen 25% of its retail customers and 10% of corporate customers buying the OPD cover. These figures were nil till September 2021, and the product was launched in October, 2020. Its co-founder Aniruddha Sen said: "There is a month-on-month increase in demand and enquiries from corporate clients who want to coverage for dental health, medicine expenses, teleconsultation, doctor consultation, diagnostic investigations and check-ups." Sen also added retail customers are keen to purchase standalone IPD and OPD covers.

The spokesperson at Acko General Insurance said many MNCs, new-age startups are looking for the best benefit programs for their employees. On the retail front, demand is driven by those who had significant OPD expenses in the past year. For Acko, the sum assured for OPD cover stands between Rs 5,000 to Rs 30,000.

TOP

Govt wary of insurance inflating healthcare costs - THE Times of India – 10th February 2022

Revenue secretary Tarun Bajaj on Wednesday said that the government is wary about health insurance driving up healthcare inflation. Responding to a call from industry to reduce goods and services tax (GST) on health insurance from the present level of 18 percent, Bajaj said that they could make a representation to the Basavaraj Bommai-led group of ministers on GST rationalisation. "I have myself worked on the insurance side of the government and somewhat understand what you are saying," said Tarun Bajaj, responding to industry demand for a cut in GST on health insurance voiced by CII president-designate and Bajaj Finserv chairman Sanjiv Bajaj. "The only thing is that we do not go the way of some of the developed nations, where health costs go up not just because of inflation but also because of insurance," said Tarun Bajaj.

(The writer is Mayur Shetty.)

TOP

Covid health cover claims surge to Rs 36,000 crore, most from Maharashtra - The Indian Express – 9th February 2022

Insurance companies received 28.46 lakh claims for Rs 36,003 crore in the last 22 months (till February 4) from people affected by the coronavirus, with claims worth Rs 4,300 crore coming in the last four months. Of this, insurers have settled 25.53 lakh claims for Rs 23,595 crore so far since the Covid pandemic began in March 2020, according to figures compiled by the General Insurance Council. Companies have repudiated 1.98 lakh claims for Rs 1,459 crore so far. Maharashtra reported the maximum number of claims at 9.3 lakh for Rs 9,637 crore, followed by Gujarat with 3.44 lakh claims for Rs 4,345 crore, and Tamil Nadu with 2.85 lakh claims for Rs 4,144 crore. Insurers settled 8.46 lakh claims for Rs 6,511 crore in Maharashtra. The average size of the Covid claim at the all- India level works out to Rs 1,26,467 while the size of the settled claim per person is Rs 92,411. Indicating poor health cover penetration, insurers received only 93,386 claims for Rs 701 crore from Kerala, which reports the most Covid cases now. The average size of the claim settled per person in Kerala is also one of the lowest at Rs 57,294. Uttar Pradesh accounted for the maximum amount settled per person at Rs 1,24,720. Telangana reported the highest average per person Covid claim of Rs 183,670.

(The writer is George Mathew.)

TOP

Benefits of Securing Senior Citizens with Suitable Health Insurance Plans – India Education Diary – 9th February 2022

A health insurance plan is important for people of all ages. However, it's a must for people above 60 years of age because along as age progresses, several health problems could arise which are prohibitively expensive to treat. The cost of healthcare is rising every year and it is necessary to get a suitable mediclaim policy for senior citizens. A senior citizen health insurance plan, as the term indicates, is a health insurance policy tailored to the needs of people over the age of 60 years.

What is Health Insurance for Senior Citizens?
As people age, the probability of them falling prey to various illnesses increases. It is hence essential to have a senior citizen health insurance plan to cover these medical expenses so that they can receive the best possible care. Cashless hospitalization, critical illness coverage and pre-existing disease coverage are included in a senior citizen health insurance plan. Senior citizens can also enjoy the benefit of preventive health check-ups at their insurer's network hospitals.

Why is Health Insurance for Senior Citizens necessary?
Around 30% of Indians are not covered by any health insurance plan and 75% of older Indians have at least one chronic disease, such as diabetes, depression, arthritis, angina pectoris or asthma. The senior citizen population in India is growing by approximately 3% annually. Therefore, it is expected that by 2050, the elderly population in India will reach around 31.9 crores.

These statistics suggest that there is a need for a pragmatic shift in how our senior citizens live their lives. One important step in that direction is for senior citizens in India to have health insurance that provides financial security in a medical emergency.

Senior citizen health insurance plans are designed to meet the needs of those over the age of 60 years who may not have a regular source of monthly income. With the risk of contracting diseases increasing significantly with age, they need to be financially secure so they can meet healthcare expenses effortlessly.

Points to consider before buying health insurance for senior citizens
The most significant benefit of senior citizen health insurance plans is that they provide coverage to late entrants into the health insurance category. These plans provide people over the age of 60 years with comprehensive health coverage.

There are various other advantages that you should be aware of:

Short Waiting Period
Every policy has a set waiting period for pre-existing diseases. Coverage for aliments begin after a period of time from the date of policy issuance. While this is true for all policies, it is wise to choose a policy with a short waiting period.

Lesser Co-payment
A co-payment is a percentage of the total hospital bill that the insured is expected to pay when filing a claim. To minimize the burden, choose a plan for senior citizens that mandates a relatively low co-payment.

Free medical check-ups
Doctor visits and related medical check-ups are most common in old age and they can be quite costly. As a result, the right health insurance plan for senior citizens should include free medical check-ups for the insured.

Network Hospitals
Always choose a health insurance policy that is accepted at a large number of hospitals. Before purchasing a plan for the elderly, make sure to check the list of network hospitals and health care providers. A large network of cashless healthcare providers ensures better chances of having a network hospital closer to your residence. This can come in handy in case of a medical emergency.

Disease Coverage
Because senior citizens are susceptible to various ailments, look for a policy that covers you for a wide range of diseases. Choosing such medical insurance for senior citizens will save you time and money in the event of a medical emergency.

Premium
As people get older, health problems become more prevalent. Because senior citizens' health risks are high, their medical treatment is also costly. Although healthcare costs in India are comparatively lower than in other countries, this should not be an excuse to accept a lower sum insured to save money on premium.

Tax advantages: A senior citizen health insurance policy gives an individual tax advantages on the premium paid, under Section 80D of the IT Act. No-Claim Bonus: With a No-Claim Bonus facility, the elderly are eligible for some bonus money for each claim-free year. The bonus entitles senior citizens to an increase in the sum insured as a reward for keeping themselves healthy.

Hospitalization Expenses: Senior citizen health insurance protects against a wide range of medical expenses beyond hospitalization, such as pre and post-hospitalization expenses, in-patient treatment, etc. Cashless Medical Treatment: Senior citizens can receive medical treatment at the health insurance company's network hospitals without paying any money. Purchasing a senior citizen health insurance plan is the most reliable way to ensure financial security in a medical emergency involving the elderly. You can choose health insurance for Senior Citizens from Care Health Insurance, which covers 540+ daycare treatments and offers many additional benefits. Make sure you research various health insurance companies and their plans to find the best policy with a low premium that meets your needs.

TOP

Trends in financial planning among Gen Z and why adding insurance is a must-do! – Financial Express – 9th February 2022

According to a report, Indian millennials and the Gen Z audiences are more confident about the pandemic bringing about a positive change in the way people prioritize health. This in turn reflects on their ability to deal with future epidemics more effectively.

While today's youth believe in savings but their approach is different from previous generations. Protecting one's health and having financial security is of utmost importance. Hence, a health insurance policy not only secures an individual with medical benefits but also provides them with savings and guaranteed returns. Financial protection is the key reason why health insurance is important while one goes through life and all its uncertainties. It stands true for people of all ages, including the youth.

Why Financial Planning is important for Gen Z?
Gen Z is considered as the next set of policyholders for insurance companies, a generation who takes life one step at a time and practices living in the moment. Their life goals are different from their parents as they seek quick results and better returns. The generation is changing the way industries function across sectors.

Unlike the previous generations, Gen Z is more aware of their expenditure, and their savings. Financial planning is an aspect that the majority of the Gen Z practice for a secured future. One of the ways of having a secured financial future is opting for health insurance.

Why buy health insurance when young?
A health insurance policy is a beneficial investment for all ages. It is always advisable to opt for a policy at an early stage to get various advantages.

Possibility of lower premiums: Premiums are charged considering the current age of the policyholder, hence opting for a policy at an early age can help Gen Z avail of the lower premium benefit.

Pass the waiting period: Health insurance policies have the concept of a waiting period, during which the policyholder is restricted and cannot make claims for specific pre-existing diseases, procedures, and treatments. Every policy has a different waiting period ranging from two to four years typically. When a person buys health insurance in their 20s, it becomes easier for them to pass through the waiting period without it becoming a concern. This indicates that in future in case of any claim, they would have passed the waiting period already.

Avail No Claim Bonus: In the absence of any claims in the preceding year of a policy term, most insurance companies provide a no claims bonus (NCB). The policyholder can get a cumulative bonus if they get a health insurance policy when they are young because they will most likely renew it every year. As a result, the bonus accumulated increases your coverage amount which is an advantage for later stages in life. It can be either a discount on their premium for the next policy period or an increase in the policy cover without increasing the premium

Tax Benefit: Purchasing health coverage at an early age allows a person to take advantage of tax benefits for a longer time as it can deduct the premium paid from the total income under Section 80D of the Income Tax Act of 1961.

What to look out for when buying health insurance?
In addition to the policy cover and premium amount, here are some things to look out for when one is purchasing a health insurance policy:

Exclusions under the policy – A list of standard exclusions are included in every health insurance policy and this can be referred to in the wordings document. Before making a purchase decision, it is critical to read and comprehend them.

The credibility of the brand- The credibility of the brand plays a crucial role in insurance and before purchasing a policy it is essential to trust the brand.

The benefits included – When purchasing health insurance coverage, certain crucial features to look for include cashless claims, a large network of hospitals, etc. are things to look for when buying a health insurance policy.

(The writer is Shreeraj Deshpande.)

TOP

Is robotic surgery covered under a health insurance policy? - Business Today – 7th February 2022

Robotic surgery is relatively new but demand for the technology has been growing. A robotic surgical system is used by the surgeon for minimally invasive surgery, as it helps in faster healing. It is generally used for more precision like for tissue removal around the brain or large blood vessels, heart and joint replacement surgeries, cancer involving vital organs, brain surgery, among others.

The good part is your health insurance policy covers these new-age treatments. As per Insurance Regulator and Development Authority of India (IRDAI) Health Regulations 2019, insurers are directed to cover robotic surgeries, as modern treatment with or without sub-limit.

However, before signing on the dotted lines you need to be aware of the few fine prints. For example, admissibility of a claim for robotic surgery depends upon the ailment for which the surgery is being carried out. For example, if knee replacement surgery has to be performed because of degenerative conditions like osteoarthritis, then there might be a clause of the waiting period in the health insurance policy.

Bhaskar Nerurkar, Head- Health Claims, Bajaj Allianz General Insurance says, “Robotic Surgery is usually deployed as precision surgeries for cancer involving vital organs, brain surgery, heart and joint replacement surgeries, etc. Admissibility of robotic surgery depends upon the indication/ disease/ ailment for which the surgery is being carried out. For example, robotics can be used for joint replacement surgery like total knee replacement. From an Insurance point of view, policyholders must check for Indications for Robotic Surgery and applicable waiting periods. Check sub-limit/ co-pay or any other cost-sharing conditions applicable to the policy.”

Moreover, robotic surgeries generally qualify for reimbursement if advised by a qualified medical practitioner trained in the technique. Hence, your doctor should clearly mention the need for robotic surgery so that there are no problems at the later stage. Insurers generally verify the necessity of the procedure at the time of making the claim.

For the hassle-free claim settlement, a policyholder must check for indications for robotic surgery and applicable waiting periods. One should also check sub-limit or co-payment conditions applicable to the policy.

(The writer is Teena Jain Kaushal.)

TOP

Non-Employer Group Insurance Vs Personal Health Cover: Which is better for you amid the Omicron outbreak? – Financial Express – 7th February 2022

The Covid-19 pandemic, for now, seems to be an everlasting one. From the first SARS-CoV-2 virus to the Delta variant and now the Omicron, effort towards normalizing life still seems like a distant affair. The highly transmissible latest strain can evade some antibodies and immunity and has a higher risk of reinfection, though mild, than the earlier variants. In India, the effect of this variant has been immense, with over 1.5 lakh cases being reported every day.

This scenario has once again brought to the limelight the importance of health insurance and how it has become a non-negotiable proposition for each individual. But the several options make people perplexed on which one to purchase, especially with the third wave in motion.

When looking for health insurance, you will come across an individual health plan, corporate group insurance, and a combination of both, i.e. informal group insurance. Though all safeguard the policyholders against unanticipated medical expenses, we will help you decide on how you should go about choosing the right one.

Know your plan
The informal group insurance, also known as non-employer-employee group insurance, is purchased collectively by people belonging to the same society, cultural association or even those who hold an account in the same bank. Any informal group such as users of a website, mobile app, etc. can also offer group insurance to its customers.

Alternatively, individual health insurance or retail insurance is a more formal method of getting health insurance cover. It is an insurance package bought by individuals for themselves or their families. They key difference between Individual health insurance and group health insurance is that individual health insurance is regulated strongly by IRDAI and policyholders' interests are far more protected in individual policies as compared to group policies.

Renewability of the plan
The biggest differentiator of the individual insurance policy and non-employer group insurance is renewability. The former enjoys lifelong renewability, while in the case of group insurance plans, long-lasting renewability is not an option.

In the informal group plan, the other uncertainty is a particular product or policy that one had opted for may be discontinued or withdrawn by the bank or the insurance company. The validity of the policy is subject to a specific set of terms and conditions. Furthermore, if, due to any reason, you need to exit the group or decide to change your current active bank account in the same bank, your group policy will no longer be valid. On the other hand, an individual policy is permanent until you change or cancel it. Thus, opt for a personal policy that also covers consumables, which in this Covid-19 era has risen to 20-30% in the total hospital bill and additional coverage of choice.

Premium of the policy
As mentioned before, under the individual health plans, the pricing is stringently monitored by the IRDAI guidelines. However, in the informal group plans, the pricing can be flexible and be determined as per the cumulative prerequisites of the group, i.e. if required, altering them is possible. So, considering this factor is vital before choosing your preferred health policy. There have been instances of complaints raised, especially by senior citizens, that their Group policy premiums have increased by 2x or 3x also. Such conditions never happen in individual policies as they are monitored closely by IRDAI.

Consider the pros and cons

Covid-19 cases are already seeing a massive increase in India, and Omicron is predicted to engulf even more people during the peak. Thus, opting for an insurance plan, group or personal insurance, is integral. The individual plans alternatively offer worry-free continuity, flexibility, high sum assured, inclusive health check-ups and keep a good check even during medical inflation, which is essential, especially during the Covid-19 times. They also provide adequate coverage and riders of choice, have no dependency on the bank or association with a group. Moreover, it gives better control and allows selection factors like the claim settlement ratio, wellness benefits, OPD coverage, consumables, the network of hospitals, among others.

(The writer is Amit Chhabra.)

TOP

Six health insurance riders you can add to a mediclaim policy – Live Mint – 7th February 2022

Your health insurance policies may not always be sufficient to suit your needs. You can purchase a suitable health insurance rider cover to improve the coverage and features of your existing health insurance policy without having to buy a completely new health policy. A rider is a type of add-on that provides you with additional benefits by paying an additional cost. Critical illness coverage, hospital cash benefits, and other riders are some of the familiar riders that you can buy with your health insurance policies. However, many riders are specific and may come up with a particular policy or insurer, and they may not be available with all health policies. This piece looks at several riders you can buy along with your health insurance policy. While a comprehensive health insurance policy helps get coverage for critical illness treatments, the basic health policy comes with some sub-limits. The critical illness rider provides additional coverage where the policyholders receive a lump sum amount on being diagnosed with some critical disease. The rider additionally cost you around ₹1800-1850 per annum. You must know: On the first diagnosis of the listed critical or acute illnesses covered by the policy, it provides a lump sum benefit amount after completion of the survival period as mentioned in the policy wording.

Naval Goel, founder and CEO, PolicyX.com, said, “Critical illnesses can be financially burdening and mentally depressing, especially when the patient cannot get on with their occupation and ends up losing income. This rider works like an income replacement as the policyholder can use the money either for the treatment or for personal use." Hospitalization means the patient cannot go to work, leading to income loss. This additional rider provides a daily allowance to the policyholder during their stay in the hospital. The insurance companies predefine some amount that the policyholder is liable to receive. It is similar to the daily income policyholders receive when they cannot work and help their families financially. This rider enables the policyholder in running -day expenses as an income replacement. You can avail of this rider by paying approximately ₹550-600 additional premium per annum*.

Ankit Agrawal, CEO and co-founder, InsuranceDekho, said, “The benefit doubles if one gets monitored in an Intensive Care Unit (ICU). You can use this money for any unexpected expenses that arise during your hospital stay." Consumable cover rider: This is a new rider designed to meet the expenses of modern treatment requirements. This rider covers costs of consumable items that are generally not covered in the comprehensive health insurance plan or only one-time use equipment such as gloves, PPE Kits, surgical items, etc. The insurers made this rider available in the wake of covid-19, where the need for consumable items increased drastically since such things are frequently required in the treatment and can make a dent in the policyholder’s pocket. Thus, this rider helps in reducing the pocket expenses. You may have to pay approximately ₹450-500 per annum extra to avail this rider.* Room rent waiver: The health policies come with a sub-limit on room rent paid by the insurer wherein, if the room rent exceeds the sub-limit, the policyholder has to pay extra expense from their pocket. This rider helps increase the capping laid on the charges for the hospital room rent by the insurance policy. "The room rent waiver rider helps you in taking a room of your choice, including private and deluxe, without paying any additional charges," said Goel.

You need to pay approximately ₹1,000 per annum above the base health policy premium to avail of this rider. Maternity rider: A maternity rider covers hospitalization charges and delivery expenses, including pre- and post-natal expenses. The rider generally provides coverage of costs up to 30 days before delivery and 60 days post-delivery. You must know: This rider covers childbirth costs, both normal and C-Section. Agrawal said, "Maternity rider covers any medical treatment of new-born baby delivery charges either the same will be normal or C-Section, and new-born hospitalization charges with sub-limits given in the policy. The policy doesn't provide a complete sum insured for maternity benefit." You get Non-Claim Bonus (NCB) benefit when you do not raise any medical claim during the policy year; otherwise, the NCB becomes nullified. However, this NCB protection rider ensures the policyholder gets the NCB even if he raises the medical claim. You can take an NCB protection rider if you know that you will have to make a claim because of your health conditions. If you don't avail of this rider, you will have to forgo your bonus in the form of additional coverage or discount on premium or additional sum insured. However, by buying this rider, you can make a claim and get the bonus at the time of policy renewal. You may have to pay approximately ₹650-700 per annum* additionally to add this rider to your base health policy.

(The writer is Navneet Dubey.)

TOP

COVID-19 Pandemic Has Spurred Health Insurance in India, Highlighted Its Importance – APN News – 5th February 2022

The ongoing COVID-19 pandemic has transformed many sectors in India, and none has been as massively impacted as the health insurance sector, per health insurance experts. The experts believed the disruption, in a way, has allowed the insurers to be more flexible in terms of rolling out special health packages, for instance, home-based COVID-19 care. They were taking part at a special spotlight session by the name 'Evolving COVID-19 Treatment and Insurer's Viewpoint' hosted by the Integrated Health and Wellbeing Council in association with Prudent Insurance Brokers.

Talking about the evolving treatment that emerged during the various stages of the COVID-19 pandemic, **Dr Srinivas Samavedam, Head of Critical Care & Medical Director, Virinchi Hospitals, Hyderabad, said**, "In various stages of this pandemic caused by different variants, many medications were used out of the blue and they caused more harm than any good. So, in a way, that was very problematic"

"Several repurposed drugs have been used for COVID-19 treatment, such as antivirals (remdesivir, lopinavir), immunomodulatory drugs (corticosteroids, tocilizumab, anakinra) or hydroxychloroquine, with poor results for most of them as of today," Dr Srinagad added.

Pointing out the evolving treatment policies from the insurers' point of view, Mr Sanjay Datta, Underwriting, Reinsurance, Claims & Actuarial, ICICI Lombard, said, "What we did was, we maintained a regular interaction with the hospitals to ensure the services remain hassle free and every important areas are covered, given the claims in a unprecedented manner."

"No bar was put from the insurers' behalf in COVID-19 treatment for any patients," pointed out Mrs Sushma Anupam, Deputy General Manager, The New India Assurance Co Ltd. Mrs Anupam said that given the enormity of the disease, future special packages are being planned for the benefits of customers.

Reflecting on the severe impact of the COVID-19 pandemic on the health insurance sector, Mr Pavanjit Singh Dhingra, Joint Managing Director, Prudent Insurance Brokers, said, "The health insurance sector has incurred massive losses because of the COVID-19 pandemic. But, despite everything, from the large claims from the patients to other constraints, tens of thousands of patients were massively benefited, thanks to proactiveness of the insurance providers. However, given both the long and short term impact, a more holistic view is required on how future policies should benefit patients against more such deadly diseases."

TOP

Why health insurance should be a top priority to access quality healthcare – Financial Express – 4th February 2022

Buying a health insurance plan is of paramount importance in today's times. With a sharp uptick in diseases, people are increasingly spending more money on healthcare. So, this World Cancer Day, let's delve into why a flexible and comprehensive health insurance policy with adequate sum Insured is worth considering to ensure all-around protection and what you should look for when zeroing in on one.

Regardless of what the numbers or our genetics say, there's no denying that nobody wants to entertain the possibility of ever being diagnosed with this dreadful disease. Why, then, should one get a comprehensive health insurance plan?

Majorly because both diseases and medical inflation is on a continuous rise than ever. Treatment remains expensive and not having a health insurance policy that takes off some of the financial burdens is in no way a smart option.

Multiple studies show that uninsured people face massive barriers in terms of preventive services and treatment for chronic illnesses, such as cancer. Not just that. Individuals who are either uninsured have lower rates of cancer screening, less optimal cancer treatment patterns, and worse cancer-related outcomes, as compared to those with a health insurance policy that covers the individual's unique healthcare requirements at different life stages.

Unsurprisingly, the fear of out-of-pocket expenditure deters those without a health insurance policy from going for further screening and tests when the primary ones show signs and symptoms of cancer.

Moreover, in the long run, this leaves uninsured individuals with no option but to go to safety-net hospitals, which might not always be equipped with the best technology and treatment, in turn leading to a painful and difficult life post-diagnosis. While having a comprehensive health insurance plan or critical illness rider can help take away the stress of unpaid bills and the mental trauma that comes from having to settle for below average treatment options.

What to look for when investing in a comprehensive health insurance plan?
The only thing that can be worse than not having a health insurance plan is having invested in the wrong one. So, when settling in on a comprehensive health insurance plan, ensure it ticks the below boxes:

Should provide a high level of protection: One of the fundamental mistakes one makes when buying a health insurance plan, is to take a basic plan with a low sum insured. Instead of taking this approach, you should seek out a comprehensive health insurance plan from a good insurance provider – which come with future proof high range of sum insured options ranging from Rs 50 lakhs to Rs 3 crore for treatment in India and abroad while offering value-based affordable premium.

It is also prudent to consider a critical illness cover that pays a pre-defined sum for critical illnesses and can add as income supplements to support the loss of income.

Should cover several kinds of illnesses: It is important to have a health insurance plan that will see you through a lifetime. That's why it is wise to speak to the insurance provider about what all kinds of major illnesses their policies cover and go for the one that gives lots of in-built benefits and optional packages that can be customized to secure not only the current health care needs but also the ones that may arise at different stages of life.

Should cover a wide range of treatment and screening programs: Recovery from cancer can often include the need for more than one kind of treatment. While chemotherapy could work for one patient, another could need a combination of surgery and radiation.

It is always safe to go for a health insurance plan that allows patients and their families to choose from the wide range of treatment options available, provides access to the screening programs for various cancers and stands with them no matter what they choose.

Should provide an exhaustive network hospital coverage: Cancer is harrowing and has a major impact on the patient's mental health. Hence, it is only natural for patients to look for plans that give access to quality healthcare in renowned domestic and international hospitals. Also, check for cashless treatment and hospitals in the insurer's network.

In addition to this, it is also important to look for additional benefits such as loyalty bonus, premium waiver, restoration benefits, cumulative bonus booster, ease of claim process (cashless and reimbursement), annual health checkup amongst several others.

To sum up, a cancer diagnosis is often a horrific experience, but being regular with treatment, eating clean, and keeping one's spirits up, is all one needs to fight this dreadful disease. With the right comprehensive health insurance plan and the will to fight this disease, there's nothing that can stop a patient from recovering and leading a healthier life.

(The writer is Priya Deshmukh Gilbile.)

TOP

MOTOR INSURANCE

Top court asks Centre to revise 40-yr-old rule on motor accident claims payout by states - Hindustan Times - 10th February 2022

The Supreme Court on Thursday told the Centre to consider revising a 40-year-old rule relating to motor accident claims that restricts states to maintain funds up to ₹20 lakh for paying compensation claims to victims of road accidents involving state-run vehicles.

Finding that this amount was fixed in October 1982 under the Motor Vehicles Act, 1939 and has not been revised since, the bench of justices Sanjay Kishan Kaul and MM Sundresh said, "Despite lapse of 40 years, there has been no revision of this amount." Subsequently, when Motor Vehicle Rules were framed in 1989, this rule was introduced as Rule 152.

"In our perspective, the Centre needs to revisit the figure provided in Rule 152," the bench added while noting that the amount of ₹20 lakh or ₹2,500 per vehicle as provided by the rule was too meagre for meeting the compensation claim expenses payable by states or state transport corporations.

To show how unrealistic this figure is, the Court was informed by amicus curiae N Vijayaraghavan that in Tamil Nadu, the total dues payable by the TN road transport corporation in cases settled by Lok Adalats was to the tune of ₹400 crore. "This shows the gravity of the situation," the bench observed while asking additional solicitor general (ASG) Jayant Sud to take up this aspect with the Centre. Sud informed the Court that proviso to the same rule allows periodic enlargement of fund. Realizing the dearth of funds available with the state road transport corporations, the Court had on November 16 directed state governments to contribute to this corpus by giving an additional sum that was equivalent to meet compensation claims paid across past three financial years. This direction was to be complied by all states by February 15.

Against this order, the Court heard two separate applications by AP and Telangana road transport corporations who claimed that this additional corpus would add a huge financial burden on states. Senior advocate Gaurab Banerjee appearing for AP Corporation said, "In the last three years, the claims settled by us amount to ₹100 crore." The bench replied, "This itself shows that the ₹20 lakh limit is meaningless." The Court dismissed their applications for modifying its order and instead granted the applicants and all other states a further time of three months till April end to comply with its order. As a way out, the Court allowed states the liberty to explore the feasibility of insuring its entire fleet of state buses/vehicles. Here the bench encountered a related problem in another provision of the Motor Vehicles Act which granted exemption from insurance to state-operated vehicles. Amicus curiae pointed out that due to this clause contained in Section 146 of the Motor Vehicles Act, insurance companies refused to offer third party insurance cover.

The bench said, "Due to this exemption, unnecessarily litigants suffer, states suffer and corporations suffer. Because of this exemption, state corporations do not take insurance. As a result of this, a large amount of liability comes upon the corporation and the states do not grant them funds. The objective for which this exemption was created has lived out its purpose." In its November 16 order, the bench noted this aspect as it said that those states which failed to create the additional corpus of funds based on past three years' claims will not be allowed to claim exemption from insurance. The Court asked ASG Sud to revisit this exemption with the passage of time and the complexities involved in the matter.

The bench posted the matter in July and further directed that in the meantime, if any state wishes to get its transport fleet insured, "the insurance companies will not decline to give insurance on the ground that exemption is granted under Section 146." The bench was informed that in Puducherry, the road transport corporation has got all its vehicles insured by a public insurance company. No other state/UT corporation was appearing before the Court. ASG Sud informed the Court that even the corpus of fund under Rule 153 can be periodically revised by states pointing to Rajasthan which has a corpus of ₹350 crore set apart to meet the liability arising out of compensation claims against the state.

(The writer is Abraham Thomas.)

TOP

Tribunal overturns insurer's rejection of motor claim – Insurance Business Asia – 10th February 2022

The District Consumer Disputes Redressal Commission of Chandigarh, India has overturned the United India Insurance Company's rejection of a motor insurance claim made by the owner of a cement mixer truck. The insurer was ordered to pay the claim of INR530,698 (around SG$9,500), plus INR11,000 in litigation expenses.

Panchkula resident Deepak Bansal, a representative of the truck's owner, approached the commission after United India Insurance refused to pay the claim for an accident the truck encountered on Sept. 29, 2019, *The Tribune* reported. The insurer said it rejected the claim after its appointed investigator found that the licence of the truck's driver at the time of the accident was fake. Bansal, who paid out of pocket for the truck's repair, said he was not aware that the driver he hired had a fake licence and that he found the driver's skill satisfactory during evaluation.

“While hiring a driver, the employer is expected to verify if the driver has a driving licence,” the commission wrote in its decision. “If the driver produces a licence, which on the face of it looks genuine, the employer is not expected to further investigate into the authenticity of the licence unless there is a cause to believe otherwise. If the employer finds the driver to be competent to drive the vehicle and has satisfied himself that the driver has a driving licence, there would be no breach of Section 149(2)(a)(ii). It will be unreasonable to place such a high onus on the insured to make enquiries with [Regional Transport Offices] all over the country to ascertain the veracity of the driving licence.”

However, if the insurer is able to prove that the owner knew that the licence was fake, then it is justified in rejecting the claim, the commission said.

(The writer is Gabriel Olano.)

TOP

CROP INSURANCE

Govt considering plans to waive off farmers’ premium in crop insurance – The Hindu Business Line – 7th February 2022

The Centre is considering various options including “zero or token premium of Re 1” for the 12 crore small and marginal farmers under the flagship Pradhan Mantri Fasal Bima Yojana (PMFBY) amid many States expressing their dissatisfaction, some even had earlier quit the scheme due to financial burden. “We are open to any option for the betterment of the scheme. The working group has been set up for the purpose and they will draw up financial projections on various options,” said a senior official of the agriculture ministry. However, the major concern is the state share of premium subsidy as it will go up with the increased participation of farmers, based on the current guidelines, the official said.

Another option under consideration of the group is to have dual premium for the insured amount so that farmers are not burdened and financial burden on States ease, sources said. “If the liability of insurer is fixed at 50 percent of the claim amount, the premium will drastically reduce in which case farmers’ share can be completely waived off,” an industry source privy to the deliberations said. But there is also to be a mechanism available to pay 100 percent claim amount, he added. In view of about 17 percent of agricultural land leased out, which is as high as 42 percent in Andhra Pradesh, the government may also ease rules to enable lessee farmers take the benefit of crop insurance. Though they are allowed to enroll under PMFBY by showing documentary proof of contract farming, it is mostly absent as many farmers prefer to do it without record.

PM Fasal Bima Yojana
Govt subsidy on premium

PMFBY	Gross premium (₹in cr)	Total Subsidy (Centre + States)
2016-17	21,654	17,576
2017-18	24,670	20,466
2018-19	29,060	24,275
2019-20	32,031	27,522
2020-21	31,373	27,375
2021-22*	28,210	24,693

Source: PMFBY portal *Excluding Karnataka, which is yet to submit data;

Under PMFBY, the balance premium is split equally between the Centre and states after farmers pay a fixed premium – 1.5 percent (of sum insured) in Rabi season, 2 percent in kharif and 5 percent for cash crops. The premium is arrived at based on quotations from insurance companies in a cluster. The Centre has capped maximum premium at 30 percent in non-irrigated areas, 25 percent in irrigated areas. Many experts have pointed out several anomalies in the scheme due to which farmers, State governments and insurance companies are not happy with the current policy. For instance, in Uttarakhand the farmers share of premium in Kharif 2019 was ₹6.04 crore whereas the Centre and State share of subsidy was about ₹94 lakh despite government bearing 90 percent of the subsidy because it is hilly state.

“Such micro issues cannot be brushed aside if PMFBY is to be made acceptable universally across all the states. Technology driven yield assessment should be made mandatory and the Centre must undertake this exercise from its own fund with the concurrent of the State government,” said a former Union

Agriculture Secretary. Gujarat, Andhra Pradesh, Telangana, Bihar, Jharkhand and West Bengal have already exited from the Central scheme launching their own while Maharashtra is weighing the pros and cons of withdrawal. Officials point out that crop insurance is necessary to mitigate risk of the farmers, but the awareness level is very low due to which even many farmers assume that there has to be some returns for their premium even if there is no crop loss. In Lok Sabha last December, an MP wanted to know if premium will be raised by the government in view of calamities, the official said, adding many people are not aware that premiums are decided through bids.

(The writer is Prabhudutta Mishra.)

[TOP]

SURVEY & REPORTS

57.9% of Indian organizations have not opted for cyber insurance: RIMS-J B Boda Cyber Insurance survey - Express Computer – 10th February 2022

A recent survey on cyber insurance conducted on 120 Indian Organizations by leading global risk management association RIMS, the risk management society, and a leading Insurance service provider JB Boda Group revealed some alarming statistics –

• 31.6% of the Organizations surveyed either did not back their critical and sensitive systems or did not have a disaster recovery site itself
• 69.7% of these organizations manage Personally Identifiable Information (PII) such as Date of Birth, PAN No., Account No., Aadhaar No. etc. while 38.15% of them managed Electronic Health Records
• 51.3% of the organizations surveyed did not have a formal IT risk framework in place
• 39.5% organizations had not implemented a formal policy to mitigate Business Email Compromise (BEC). 23.7% had not even started creating such a policy.
• 44.7% of the surveyed organizations had not yet appointed a Chief Information Security Officer (CISO)
• 46.1% rely on only their firewall in case a malware would escape their traditional antivirus software. 9.2% of the respondents did not even have a basic firewall in place.
• 31.6% of the organizations surveyed had never conducted external penetration testing
• 42.1% did not have a cyber-threat intelligence gathering function

The above statistics builds a strong case for organizations to secure themselves from the financial risks arising out of a cyberattack and an immediate need to focus on the development of cyber risk management strategies that could include cyber insurance. A good 57.9% of the organizations surveyed had not yet opted for a cyber insurance. This indicates a clear lack of awareness in the market as the adoption has not been as high as it should have been.

"Covid-19 pandemic has triggered digital transformation across Organizations, resulting into creation of a complex IT landscape for Organizations in the form of public clouds, unfamiliar home networks, external systems connected through APIs with a plethora of access points into their sphere of monitoring and vigilance. Cybersecurity has become a mission critical imperative. Adequate cyber insurance is the need of the hour. The cost of paying an annual premium is negligible for an Organization. However, the price to be paid after a cyberattack is heavy, which can damage an Organization's reputation, financial stability, and its ability to remain a going concern," said Gopal Krishnan K S, Director-Global Development (South Asia), RIMS (Risk & Insurance Management Society), leading global Risk Management Association.

It may be interesting to note that among the surveyed organizations, there are some which are yet to formalize a security function and appoint a Chief Information Security Officer (CISO). However, more intriguing is the fact that this important mandate is handled by different departments across the surveyed organizations. 15.79% of these organizations had an information security team to handle Cyber insurance cover and related functions. Another 15.8% said that it was their information technology (IT) team which managed this mandate. A few organizations said that it was neither of these departments which handled the Cyber insurance for their organization.

“This RIMS – JB Boda survey examines the state of cyber insurance today in terms of its awareness and adoption. It establishes startling trends and revelations on cyber insurance levels of companies; rather the lack of it. Cyber insurance is more critical than ever today and organizations that have adequate cyber liability coverage are likely to have an edge over their competitors in an increasingly digital world. The move from ‘work from office’ to ‘work from home’ to ‘work from anywhere’ increased the vigilance landscape of IT teams. Today Organizations might buy the best-of-the breed products and incorporate best-in-class practices, but cybersecurity related threats and vulnerabilities can never be eliminated,” said Gautam Boda, Vice Chairman, J B Boda Group.

As per data published in Feb 2021, Statista, India Inc. is likely to spend up to $3 Billion on Cybersecurity in 2022, which is up from the $2 Billion spent in 2019. As per IBM Security, Cost of Data Breach report, in 2020 alone, data breaches cost India an average of $2 million per such event, with the highest being $8.64 Mn, said the report.

“If you look at the survey, only 21.1% of the Organizations surveyed have implemented a BYOD policy, 59.2% has not, which can create multiple access points to the Organization’s landscape by spreading the attack landscape; In this era of continuous monitoring of systems, only 31.6% are yet to perform regular external penetration testing; 42.1% do not have a cyber-threat intelligence gathering function. All these factors make them highly prone to cyber-attacks and has a direct bearing on cyber-insurance,” said Dr Ram Kumar, Global Head of Cybersecurity Governance Risk and Compliance, Nissan Motor Corporation.

Of the 42.1% respondents surveyed, it is alarming to note that only 13.2% of the Organizations had a cover of Rs 50 crore or more. 25% of the surveyed organizations had a coverage of less than Rs 50 crore. In terms of the number of years for which organizations have had this cover, 61.9% chose not to answer which highlights upon the fact that these organizations are yet to get themselves adequately covered for a cyber-attack.

Agnidipta Sarkar, Group CISO, Biocon, said, “Cybersecurity today is no longer a technical but an Enterprise Risk. As there occur more attacks on utilities and industrial systems with Ransomware involved, it no longer becomes an IT related issue of an Organization but an issue on the table of a CFO and the company’s Board. Indian Organizations are yet to take it seriously enough to make it a discussion point across the Board room. As per the survey, 61.9% of the respondents could not answer, which department of their Organization is involved with the purchase of Cyber insurance. Moreover of the remaining, only 6.6% of Risk Managers were involved in the cyber insurance purchase is highly shocking.”

The survey was conducted towards the end of 2021. Organizations were surveyed on the basis of their size and IT landscape, their data practices, cybersecurity policies and practices, and awareness and extent of adoption of cyber insurance. Out of the total 120 Organizations surveyed, 22.2% were very large enterprises with 5001 employees or more; 11.1% were from large enterprises (1,001 to 5,000 employees or more); 22.22 from medium-size enterprises (101 to 1,0001 employees); 25.4% from small enterprises (10 to 100 employees) and 19.1% Micro-enterprises (1 to 9 employees). Revenue-wise, 41.3% of the Organizations surveyed earned less than Rs 50 crore of annual revenue; 14.3% of the Organizations earned revenue between Rs 50-Rs 100 crore; 22.2 % earned revenue between Rs 100 crore to Rs 1,000 crore and 22.2 % earned more than Rs 1,000 crore.

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INSURANCE CASES

Tribunal overturns insurer's rejection of motor claim - Insurance Business Asia – 10th February 2022

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Panchkula resident Deepak Bansal, a representative of the truck's owner, approached the commission after United India Insurance refused to pay the claim for an accident the truck encountered on Sept. 29, 2019, The Tribune reported. The insurer said it rejected the claim after its appointed investigator found that the licence of the truck's driver at the time of the accident was fake. Bansal, who paid out of pocket for the truck's repair, said he was not aware that the driver he hired had a fake licence and that he found the driver's skill satisfactory during evaluation.

"While hiring a driver, the employer is expected to verify if the driver has a driving licence," the commission wrote in its decision. "If the driver produces a licence, which on the face of it looks genuine, the employer is not expected to further investigate into the authenticity of the licence unless there is a cause to believe otherwise. If the employer finds the driver to be competent to drive the vehicle and has satisfied himself that the driver has a driving licence, there would be no breach of Section 149(2)(a)(ii). It will be unreasonable to place such a high onus on the insured to make enquiries with [Regional Transport Offices] all over the country to ascertain the veracity of the driving licence." However, if the insurer is able to prove that the owner knew that the licence was fake, then it is justified in rejecting the claim, the commission said.

(The writer is Gabriel Olano.)

[TOP]

Insurance firm told to pay Rs5L claim to vehicle owner – The Tribune – 7th February 2022

Terming the rejection of claim of a damaged vehicle on the grounds that the driver of the vehicle was having a fake driving licence illegal and unjustified, the District Consumer Disputes Redressal Commission, Chandigarh, has directed an insurance company to pay a claim of Rs 5,30,698 to the owner of the vehicle. The commission also directed the company to pay Rs 11,000 as litigation expenses. Deepak Bansal, a resident of Panchkula, approached the commission after the company refused to pay the claim.

In the complaint, he said his vehicle, Mixer Truck, was insured with United India Insurance Company Limited for the period from August 23, 2019 to August 22, 2020. The vehicle met with an accident on September 29, 2019. Subsequently, the vehicle was taken to a service station - Tata Motors - for repairs. The insurance company was also informed about the accident. Investigator appointed by the company submitted its report on August 8, 2020.

The report mentioned that the driving licence of the driver was fake. On the basis of the report, the company rejected the claim. He spent Rs6,41,373 on the repair of the vehicle. Deepak said he had hired the driver after seeing his driving abilities and looking at the driving licence produced by him. The company justified the decision of rejecting the claim on the ground that the driving licence was fake. After hearing the arguments, the commission, comprising of president Rajan Dewan and members Priti Malhotra and BM Sharma, relying on the judgment of the Supreme Court in the Nirmala Kothari v/s United India Insurance Company Limited case, termed the decision of the company repudiating the genuine claim of the complainant illegal, unjustified and gross deficiency in service.

"While hiring a driver, the employer is expected to verify if the driver has a driving licence. If the driver produces a licence, which on the face of it looks genuine, the employer is not expected to further investigate into the authenticity of the licence unless there is a cause to believe otherwise. If the employer finds the driver to be competent to drive the vehicle and has satisfied himself that the driver has a driving licence, there would be no breach of Section 149(2)(a)(ii). It will be unreasonable to place such a high onus on the insured to make enquiries with RTOs all over the country to ascertain the veracity of the driving licence," said the commission.

"However, if the insurance company was able to prove that the owner/insured was aware or had noticed that the licence was fake or invalid and still permitted the person to drive, the company would no longer continue to be liable for claim," says the commission while quoting the Apex Court judgment. The commission directed the company to pay a sum of Rs5,30,698 to the complainant, along with interest @7 per cent per annum, from the date of repudiation. The company was also directed to pay Rs11,000 as litigation expenses.

(The writer is Ramkrishan Upadhyay.)

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IRDAI CIRCULARS

Topic	*Reference*
List of Valid Insurance Brokers as on 8th Feb 2022	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo2120&flag=1
New Business Data as at 31.01.2022 (Line of Business wise)	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4642&flag=1
List of corporate agents registered with the authority as on 31.01.2022	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo2818&flag=1
Handbook on indian insurance statistics F.Y. 2020 - 21	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4641&flag=1
New Business Statement of Life Insurers for the Period ended 31st January, 2022	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4640&flag=1

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GLOBAL NEWS

Australia: General insurers hit by weather events and lower investment income – Asia Insurance Review

The general insurance industry in Australia faced a difficult 2021, with a large fall in industry profits due to higher claims costs from weather events, coupled with lower investment income reflecting ongoing financial market volatility, says the Australian Prudential Regulation Authority (APRA). In the "APRA 2021 Year in Review" report released last month, APRA says that the industry continued to grapple with the extent business interruption insurance (BI) claims triggered by lockdowns and other restrictions associated with COVID-19. Many insurers found themselves exposed through policy wordings that had not kept up with changing legislation. This created considerable uncertainty, which needed to be resolved through a series of test cases in the Courts.

Operations

The general insurance industry also continued to face a challenging operating environment. Rising premiums and reduced capacity in certain product lines is making some types of insurance less affordable (or in some cases unavailable) for many Australian households and businesses.

Furthermore, the increased frequency and intensity of natural disasters associated with climate change will continue to add increasing challenges of accessibility and affordability of insurance for parts of the Australian community. It will require greater attention to mitigation and disaster preparedness to ensure that general insurance remains accessible and affordable to all Australians.

Industry landscape

There were 93 APRA-authorised general insurers as at 30 June 2021, comprising 83 direct insurers and 10 reinsurers. The number and composition of general insurers has remained broadly stable in recent years. Industry concentration has increased over time with the top five general insurers now accounting for 52% of total industry assets. This compares with 36% 10 years ago. Industry profits remained suppressed for a second successive year, with a 3.2% return on net assets tracking significantly below the 10-year average. The primary driver of this result was significant provisioning for COVID-19 business interruption claims. Despite the lower incidence of very large catastrophe events in 2021, gross claims costs for.

The householders' class of business also remained elevated. Domestic motor claims costs also increased in the year. Overall, this led to higher net loss ratios for the short-tail property classes of business, in particular the Fire and Industrial Special Risks class. The net loss ratio for long-tail classes of business was largely unchanged over the year. Releases of claims reserves continued to positively impact underwriting profits in the compulsory third party motor vehicle class of business, albeit these have significantly declined in recent years. In contrast, strengthening of claims reserves was notable in the public and product liability class of business. Significant premium rate increases were observed during the year for some classes of business including professional indemnity and employers' liability.

General insurers' investment portfolios remained heavily weighted to interest-bearing investments. Investment income during the year remained subdued, with increases in bond yields causing unrealised losses on these investments.

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Indonesia: Insurance industry in 'survival mode' in 2021 - Asia Insurance Review

Although assets of the Indonesian insurance industry grew by 8.7% last year, supported by investment growth, the sector was still in "survival mode" during the year, Mr Kristianto Andi Handoko, deputy director of supervision at the Financial Services Authority (OJK), said yesterday.

He added that while life insurance premiums grew at a rate of 7% last year, general insurance and reinsurance business saw a contraction of up to 3%, reported *investor.id*.

"But overall, the insurance industry in 2021 still grew by 3%," he said in a television programme discussing the future of Insurance in the digital era.

Life insurance

Separately, OJK chairman, Mr Wimboh Santoso has projected that the assets of life insurance companies can grow by 4.66% in 2022. He was speaking recently at the 2022 Financial Services Industry Annual Meeting, reported Bisnis.

OJK data show that as of 31 December 2021, the total assets of the life insurance industry were recorded at IDR589.81tn, representing growth of 8.38% in 2021 compared to 2020.

OJK also reported that the premiums collected by the life insurance industry reached IDR184.32tn in 2021, with year-on-year growth of 7.21%. In addition, the risk-based capital of the life insurance sector stood at 539.8%, surpassing the minimum required of 120%.

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