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QUOTE OF THE WEEK

"A positive attitude causes a chain reaction of positive thoughts, events and outcomes. It is a catalyst and it sparks extraordinary results."

Wade Boggs

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Mortality charge

When you buy your life insurance policy, the insurance company will levy a charge for providing cover, known as the mortality charge.

This charge varies with each policyholder.

The mortality rate is linked to the life expectancy ratio of an average Indian; higher the age, higher the charge, as the sum at risk also increases.

Insurance companies also consider other factors such as health, gender, geography and occupation of the customer for deciding on the mortality rate.

They use the mortality table prescribed by IRDAI for computing the mortality charge.

While in term insurance policies, mortality charge is the only cost charged to the policyholder, in endowment policies and ULIPs, this become one of the other charges that gets deducted from the premium before the money is invested.

Source

INSURANCE INDUSTRY

Buying insurance? Don't fall prey to mis-selling of policies by insurance agents – Financial Express – 8th August 2019

Lakhs of brokers and agents sell insurance in India, and even though some are well-intentioned, most are seen making fake promises to get their way. Customers with limited knowledge look up to agents who will help them choose policies that are suitable for their need and lifestyle. But at times some rogue agents take advantage of the situation and sell insurance by misrepresenting facts or even a distorted picture of the features of an insurance policy. Experts suggest while buying a policy, buyers should be aware of the ways in which insurance can be mis-sold to them.

All agents might not want to mislead you, but there are ways through which many policyholders have been misled and mis-sold. As a policyholder, you should always ask questions, be aware of the promises made, and read the proposal and final document carefully before signing off.

If you are also planning to buy an insurance policy, you need to know about the common ways insurance policies are mis-sold:

- **Policy benefits are not explained clearly**

If the agent has not explained you the policy benefits and features accurately, or you are still unclear about them, and he/she refuses to explain further, know that there is something wrong. Industry experts say customers should understand that they are paying a premium for getting and keeping an insurance policy, hence, the benefits as in the protection and savings of the policy should be explained in advanced.

There are many agents who exaggerate, distorts, and also state false returns to make their policy show attractive rates of returns. Note that if something appears too good to be true, then it probably is.

- **The insurance policy gives better returns than Fixed Deposits**

If you're promised that insurance policies give better than Fixed Deposits, know it is not true. This is one of the most common ways of selling insurance. For instance, if you are made fake promises like an insurance policy is a safer option and gives better returns than an FD, do not fall for that.

A life Insurance policies in general offers protection to the policyholder in case of untimely death and the surviving family members get a sum assured from the insurer. The sum assured/protection benefit is provided after the customer has paid a premium. Some policies also provide other benefits be it in the form of money back, maturity benefit or amount payable in between the term of the policy. These policies generally do not offer higher returns than FDs.

- **Premium payment**

Agents tend to give misleading information on premiums and exaggerate the benefits of the policy. Till the policyholder pay his/her premiums correctly, on time and for the full term of the policy, the insurers are liable to honor its side of promises made in the product. However, if the full term is not completed by the policyholder, the claim process changes also there may be charges or deductions that the insurer charges. Hence, commit to that premium amount which will be easily payable by you.

- **Claim procedure**

Mostly to do with the health and accident insurance policies. The agent while selling a policy should clearly state exactly under what all circumstances can the policyholder make a claim. Also, what type of claim is payable and what is not? Fraud agents also give policyholders the impression that anything and everything is covered under an insurance policy if the policyholder goes to a hospital or meets with an accident, which is not true. To not be mis-sold it is better to ask the agent under what circumstances/conditions are claims not payable.

For instance, if you are a smoker and you declare yourself as a non-smoker while buying the policy, in case of a life insurance policy, upon your death, the insurance company can refuse to pay the death claim to your family.

Whereas in the case of health insurance policy, many 'exclusions' might get added to your policy for instance, for instance, certain hospital claims might not be payable, OPD treatments not included, longer waiting period, or worst-case scenario, you claim could also get rejected. Before signing a policy read the policy document carefully and understand the clauses.

(The writer is Priyadarshini Maji.)

Source

TOP

Insurance firms taking digital route to offer services – DNA – 7th August 2019

According to a report by Kantar IMRB, India's internet users are expected to register double digit growth to reach 627 million in 2019. The report states that nearly 293 million active internet users reside in urban India, while there are 200 million active users in rural India.

Additionally, the number of smartphone users is expected to explode to 829 million by 2022 from 404.1 million in 2017, as per a Cisco report. And with this surge in internet access on a small handheld screen, India is witnessing a mammoth digital transformation across sectors including the insurance sector.

Breaking from a traditional brick and mortar driven model, insurance companies today are going through digital metamorphosis in order to optimise the end-to-end customer experience and provide customer delight.

The aim is to achieve best of both worlds: customers getting a quick, automated estimate and then, if need be, talking with an actual person for customised service. The goal of the company is not to become a faceless organisation, but rather use technology for more simpler and templated tasks so that advisors are free to interact with customers in a more meaningful way.

Ideally a customer should be able to start the conversation about purchase of insurance online at a time and through a channel of her choice, speak with a financial advisor on chat or through a voice interaction for any complex query and then purchase a product or complete any transaction online at a time and through a channel of her choice.

This OOO (online-offline-online) model will be most suited for a slightly more complicated insurance product. Most insurance firms are in the process of adopting technology for integrating service and delivery mechanisms. Let us discuss some of the advancements that the insurers offer today.

INSURANCE AT A CLICK
Insurance companies today are going through digital metamorphosis in order to optimise the end-to-end customer experience Most insurance firms are in the process of adopting technology for integrating service and delivery mechanisms

RPA (Robotic Process Automation): It enables automatic response with NCB (no claim bonus) details to insurers daily instead of weekly. Also it has the ability to process emails successfully with a success rate of around 95%. It has helped companies reduce operational cost and improve their service efficiency with quicker response times.

Chat bots: These can be used for answering simple customer queries related to policy renewal, product information, general queries etc. If a user takes 30 mins to process 1 average file of 200 records, BOTs can process the same in about 20 minutes leading to operational efficiency and reduced TAT (turnaround time) for customer.

WhatsApp: Renewal of policies and customers sending pictures of the damaged vehicle in case of motor insurance claims are some of the most common uses of Whatsapp in insurance. This medium is also used to share the policy copy post purchase or renewal.

IoT: Getting a quote or learning more about insurance can be done from the comfort of your lounger at home on a voice command. Insurers are creating a network with Amazon Alexa, wherein customers with Alexa-enabled devices just have to ask the device and are instantly connected to answers about insurance, estimates, or to an insurance agent. There is also a glossary of important insurance terms to clear any confusion.

Not only this, insurers who have major bancassurance tie-ups are today using the bank's technology platform or app in order to sell insurance through product bundling and cross selling by the bank's trained employees.

Technology enables insurers to connect with customers in real time especially when it comes to claims management. However, given the complexity of the insurance product, the human element of explaining the nuances of her policy to a customer is here to stay.

(The writer is Roopam Asthana.)

TOP

Source

Foreign investors see growth in insurance, increase stakes - The Economic Times – 7th August 2019

ET Intelligence Group: Foreign portfolio investors (FPIs), normally good at spotting long-term structural bets, are keen on India's insurance businesses.

Although large private insurers have significant FPI investments, the quantum of increase in FPI holdings over the past year reflects the bullishness of overseas funds.

In the one year to June, FPI stakes in SBI Life and ICICI Lombard General Insurance more than doubled to 19.4 per cent and 18.5 per cent, respectively.

FPI Holdings in Insurance Companies

	Quarter				
	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
SBI Life Insurance	4.31	4.45	4.87	14.06	19.42
ICICI Lombard General Insurance	7.20	10.71	12.20	13.20	18.53

In the past 18 months, there has been a structural shift, with strategic investors identifying insurance as a sunrise industry.

For FPIs that have little scope to enhance stake in crowded blue-chip ideas, the stability of insurance has become a major draw.

According to various estimates, in the next 2-3 years, India's insurance industry is expected to expand 12-15 per cent annually.

An ASSOCHAM-APAS study says that India's life insurance industry registered 11 per cent on-year growth in new business premium in FY18.

It generated $30 billion in revenue, and premiums for non-life insurance rose by 17.5 per cent in FY18.

Furthermore, new Sebi regulations on mutual funds (ban on upfront commissions and change in expense ratio) have worked in favour of generating sales for insurance products. The Insurance Regulatory and Development Authority of India has not changed norms related to sales of insurance products, enhancing their demand with distributors of financial products.

The ban of upfront commission on selling mutual funds does not offer much incentive for distributors. It is estimated that a distributor gets 70-100 basis points (0.7-1 per cent) commission (trailing) after selling large mutual fund schemes.

In contrast, a distributor gets 6-7 per cent upfront commission, in addition to commissions, from regular premium selling unit linked insurance plans (ULIPs). Industry veterans say that traditional products, entailing five-year payment schedules, would fetch distributor commissions of 15-35 per cent.

In general insurance (non-life), which include crop, motor vehicle and health, innovative plans have ensured profitable growth. In both life and general insurance, private players have edged ahead of state run peers. According to estimates, private insurers have more than 48 per cent market share in general insurance and 29 per cent in life insurance. Given these factors, FPIs have increased their bets on insurers.

Considering FY21 financials, SBI Life Insurance is trading at price to embedded value of 2.4, which is quite attractive when compared to its peers that are trading four times.

ICICI Lombard General Insurance is trading at a price to earnings multiple of 29, a level considered fairly valued. Given the growth in both life and general insurance products, valuations in these companies are expected to rise in the coming quarters.

(The writer is Rajesh Naidu.)

Source

TOP

New norms for insurance marketing – The Hindu – 6th August 2019

Insurance regulator IRDAI has notified changes to regulations governing insurance marketing firms (IMFs). The amendments to the regulations notified in 2015 have been introduced from a perspective of increasing insurance penetration by providing an enabling environment. The regulator had also constituted a committee that made many recommendations, including a reduction in the net worth, expansion of the area of operation of IMFs, as well as the basket of products.

As per the new regulations, notified on July 24, for IMFs applying to launch operations in only one district, which is an aspirational district as defined by NITI Aayog or an economically backward district, a net worth of ₹5 lakh would suffice. The net worth would continue to be a minimum of ₹10 lakh for all other cases. The committee had pointed out that the ₹10 lakh norm was high for tier-II and III cities.An IMF is allowed to register for three districts in a State, with at least one of them being aspirational district.

Another amendment permits the IMFs to engage with Agriculture Insurance Company of India and Export Credit Guarantee Corporation. This would be in addition to existing norms allowing them to solicit business for two life, two general and two health insurers. On the products allowed for IMF, the regulations said they can solicit business for all kinds of products sold on individual and/or retail basis, including crop insurance for non-loanee farmers and combi products. Property, group personal accident, group health, GSLI and term insurance policies for Micro, Small and Medium Enterprises (MSME) form part of this list.

Other changes include a relaxation in the work experience requirement of IMF's Principal Officer. A new clause requiring the insurers to file with authority their policies for utilisation of IMFs has also been introduced.

(The writer is N Ravi Kumar.)

Source

TOP

100 percent FDI in Insurance Broking — Understanding the Prospective Implications - IndraStra Global – 5th August 2019

The year 2000 witnessed liberalization of the Insurance Sector and has undergone significant changes over the last two decades. The Insurance Regulatory and Development Authority of India (IRDAI) has brought policy and regulatory interventions from time to time to keep pace with the global industry trends. Be it the introduction of intermediaries such as brokers, surveyors, insurance marketing firms, web aggregators, third party administrators; or an increase in the Foreign Direct Investment (FDI) cap from 26 to 49 percent for insurance companies, all these are important milestones for the industry.

Globally, two very widely used indicators for the insurance industry are insurance penetration and insurance density. While the former means the total amount of insurance premiums as a percentage of GDP, the latter one is defined as per capita premium or premium per person. As per the latest Swiss Re World Insurance Report 2018, India ranks 41 globally in insurance penetration. Our overall life insurance penetration is 2.76% while non-life insurance penetration is 0.93%, overall resulting in 3.69%, which is very low from the world average of 6.13. Talking about insurance density, India stands on 73rd globally. Our life insurance business density is US$ 55 while the non-life insurance density amounts to only US$ 18, this is well below the global average of US$ 353 and US$ 297 for life and non-life insurance businesses respectively.

According to Annual Report of IRDAI by March 2018, there were 68 insurers operating in India; of which 24 are life insurers, 27 are general insurers, 6 are standalone health insurers exclusively doing health insurance business and 11 re-insurers including foreign reinsurers branches and Lloyd's India. The India Brand Equity Foundation (IBEF) suggest that gross premiums written in India reached Rs 5.53 trillion (US$ 94.48 billion) in FY18, with Rs 4.58 trillion (US$ 71.1 billion) from life insurance and Rs 1.51 trillion (US$ 23.38 billion) from non-life insurance. These numbers do seem to present a flourishing picture for the industry. An Assocham report had said that the Indian insurance industry is expected to grow to US$ 280 billion by 2019-20. However, if we compare it with the global scenario then a lot needs to be done. The recent move of the Government, announced in the latest budget, to increase FDI capping for insurance intermediaries from 49 to 100% suggest the same.

It is interesting to look at the growth of other financial products in a similar timeframe. For example, Sensex was around 3000 during 2001 and now it is around 13 times bigger hovering around 40000. Although its penetration is also around just 2.5% of the population only. But, the growth of new customers for stocks in Tier 2 and 3 towns is increasing rapidly. For that matter, even the insurance density is also increasing. However the major difference between insurance and any other financial product is that the more the insurance distribution is spread, the more the risk is shared among many, and hence the insurance penetration is much important for the economy. Though the Government schemes like Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Ayushman Bharat - Pradhan Mantri Jan ArogyaYojana (PM-JAY), Pradhan MantriFasalBimaYojana (strategies on how to capitalize the exposure for add on risk coverages. For example, the statistics of dormant bank accounts PMFBY) can give a good exposure for insurance schemes, it remains in the hands of the insurance sector of Jan Dhan is not much encouraging which means that mere exposure cannot contribute to the growth but active participation will do. Further, Jan-Dhan se Jan Suraksha under the Jan Dhan is not getting the desired traction.

Let's keep aside the financial sector for a while and let's discuss the e-commerce and consumer internet sector. Be it food delivery, retail or hospitality, startups like Zomato / Swiggy, Amazon / Flipkart, Paytm, Oyo have received great success. Their success model is based on two key factors; one their strong distribution channel for their services that dives deeper into even small cities of India with similar thrust as it does in metros and another key factor would be efficient customer service. It is to be noted that while some of these startups are yet to generate profits but it is intriguing that despite that, these are valued in billions of dollars just because of their impeccable customer service, capability to reach and deliver and fulfill the requirement of the customers by making them aware of all the options and providing choice.

Let us come back to the insurance sector and explore and understand the prospective implications and outcomes of 100% FDI in insurance intermediaries and specifically in insurance broking as announced in the budget:

The distribution of insurance is still dominated by individual and corporate agents (around 90%) in the life insurance side. Brokers are still hovering only with 1% of the business. For example, in 2017-18, as per IRDAI reports, Individual agents have contributed around 2.5 crores of policies, while brokers have contributed only 2.3 lakhs of policies which shows the degree of influence of brokers. However, on the general (non-life) insurance side, almost 25% of the business is done through brokers.

According to the 'Vision 2025: brokers driving customer-centric growth'report of the Insurance Brokers Association of India (IBAI), direct selling and corporate agencies are the most common distribution channels for selling insurance. Further, channels like bancassurance, online distribution, and NBFCs have helped the industry to grow as well. But if we talk about broking, then it is preferred by a very limited number of clients, mostly corporates. The report says "In non-life insurance, broking contributed 23.2% of gross direct premium in FY15 and the channel has registered a CAGR of 27.6% between FY10 and FY15. However, in life insurance, broking contributes only 1.3% of new business premium; the channel is more significant for private life insurers – 4% contribution — as compared to no contribution of broking for LIC."

Based on these facts, one can perceive that the industries or businesses are inclined towards brokerage firms when it comes to insurance for businesses, but individual policies are highly influenced by individual agents.

There is no dearth of insurance companies or the products that don't fit the needs of the Indian customers. Insurance products can be customized as per the needs of the customers. But in order to reach them and understand their needs, it is important to strengthen the distribution channels and this step to allow 100% FDI in intermediaries will certainly help the cause.

According to IRDAI, there are over 400 brokers/broking firms registered with them in India, as on 30th June 2018. This comprises of direct (368), composite (60) and reinsurance (5) brokers. According to a report in the Indian Express, "Currently, the insurance broking industry deals with over Rs 30,000 crore of premium primarily from the non-life industry which generated over Rs 170,000 crore of premiums in 2018-19".

According to IBAI's Vision 2025, a considerable chunk of brokers/broking firms in India are located in the top 4-5 states and corporates are the major clients of the brokers with 40–50% of their businesses. Clearly suggesting that brokers have confined areas of operation and vast opportunity to scale up in the future.

Therefore, FDI will result into the capacity and expansion of broking firms in India that might enable the growth of broking business in smaller towns and tap other clients as well apart from corporates and focus on the rural, retail and SME segment. With technology-led initiatives, brokers can taste good success here.

The report further mentions that 6 out of the top 10 global brokers are not present in India. With this move, these giant brokers might have their way into India. Foreign players will also bring new technologies and data analytics tools in the broking industry, these will surely help in devising strategies for better sales, customer behavior identification & targeting, product improvement based on analysis of feedback from the customer, etc; Data analytics is the way forward for sure. It is to be noted that there is no limit on insurance intermediaries in mature markets such as the UK, Australia or emerging markets such as Mexico and Vietnam, according to the IBAI report.

While 100% FDI might yield good results, there are few discouraging implications as well. The insurance broking market is highly competitive and thus with the entrance of global broking giants - it could get difficult for small & medium-sized local brokers to survive. These bigger firms with the strong financial backing and new technology support might just kill the businesses of existing small/medium brokers or acquire them.

While the move will facilitate the growth of the insurance broking industry in India; it is imperative for local brokers to understand they have a much larger role to play in the industry. At present, it is common perception and the majority of brokers are treated as mere price discoverers, which is hindering their growth.

It is for us to learn from the global peers and improve client servicing by offering claims management, risk management, insurance consulting, market knowledge, etc; because unless local brokers improve their game and diversify their service offerings, sooner or later they will be eaten up by bigger players. Thus up-skilling and value addition is the key for the broking industry to grow and play a crucial role.

Talking specifically about insurance broking, the allowing of 100% FDI can lead to a good revolution to invest more in the research for smarter delivery of insurance products, insurance awareness and education using the advantages of contemporary internet cultures, attaining the goals of infusing technology, efficiency, access to customers, service level benchmarking and competition. It is also important to note that a new wave of capital flowing into insurance broking should set new professional standards in the corporate salesforce set up, making the insurance sector more accountable and transparent.

(The writers are Dr. S. Jayaprakash, Mahesh Talreja and Dr. Arjun Kumar.)

TOP

Source

LIFE INSURANCE

Why you should opt for term insurance till your retirement age - Financial Express – 8th August 2019

Just like you, hundreds of investors ask this question on a daily basis: How long the policy should last? While buying a life insurance policy an individual considers a plethora of factors, but being the only breadwinner in the family, you have two main decisions- How much coverage to buy and the tenure of your policy. However, knowing the actual tenure of term plan is as important as deciding the amount of cover you need.

The best way one can determine the tenure of one's life insurance policy is by determining the duration of one's financial obligations. For many, most of the loan repayment is up to the duration of their employment tenure. In case you are in the retirement bracket of 60 years, it is likely that your children are not settled. Particularly, in cases where children are taking more time to settle in comparison to before. Thus, any misfortune or any unfortunate incident can set your family back. In such scenarios, anyone would want that their policy continues until their last major obligation is taken care of.

Your EMIs are yours, let their status not affect your family
A lot of people wonder what happens to the outstanding obligations they had once they die. Do those debts simply disappear? Or your family will be on the hook for your debt?

Your debts become the responsibility of your estate when you die. To avoid putting your family in such a scenario, ensure that you have sufficient insurance coverage. The first thing you can do is write down your financial commitments. It can include all, from covering your child's education to his/her marriage to your personal loans. Secondly, measure the time-frame you will be required to make this ends meet. In all likelihood your EMIs are for the duration of your employment; so liabilities do exist until your retirement age. Term life insurance can replace your earned income until your family has saved enough which can help them in repayment of your loans. So choose your life insurance term length based on how much debt you wish to cover.

Salaried Class is the most affected in the absence of the primary bread winner
You will never face the biggest consequence of not having life insurance, but your loved ones will, specially the salaried class families who are entirely dependent on one source of income. Primary breadwinners may also want to consider at least 30-40-year policy tenure. Because if your family relies on your income for their financial stability, you'll probably want a term length that lasts him/her to near or at retirement. The proceeds of life insurance can help your family to retain their existing lifestyle.

How long until children are on their own

Every parent dream is to send their children to one of the top institutes in the country so that they can have a bright future ahead. Irrespective of the fees and expenses, any parent will do everything to ensure a bright future for their child. But, have you ever thought how insecure your child's future may become if you are no more there to fund his/her education? The best solution to this is again life insurance that will take care of all the financial needs even when you are not around.

Traditionally, people used to get married by 22-23 and have kids by the age of 25-28. This means by 60 or even before, you have fulfilled all the responsibilities as a parent and your children are not dependent on you financially. However, nowadays one of the popular demographics shift is that more and more people delay getting married and at the same time, couples also delay starting a family. So, by the time you turn 50, there are higher chances that your kids are mostly still studying and may require your financial assistance. Hence, it is a wise decision to buy term insurance at least till the age of 60, i.e. your retirement age or even more than that.

(The writer is Santosh Agarwal.)

Source

TOP

Amid market selloff, foreign investors quietly double up on life insurance bets – CNBC – 7th August 2019

Foreign portfolio investors (FPIs) have sold over Rs 16,000 crore in Indian equities after Finance Minister Nirmala Sitharaman raised the surcharge tax for the super-rich in the Union Budget.

But the equity market selloff did not deter FPIs from raising their stakes in life insurance companies.

The FPI stakes in the three major insurance companies have doubled in the last one year. In SBI Life Insurance Company, the FPIs have increased their stake to 19.42 percent in June 2019 from 4.31 percent in June 2018, according to a report by The Economic Times.

FPI Shareholding Data

FPI Shareholding %	June-19	Mar-19	Dec-18	Sept-18	Jun-18
SBI Life Insurance	19.42%	14.06%	4.87%	4.45%	4.31%
ICICI Prudential Life Insurance	11.48%	10.08%	8.56%	8.86%	8.47%
HDFC Life Insurance	11.75%	10.52%	8.23%	8.42%	9.03%

ICICI Prudential Life Insurance and HDFC Life Insurance saw about 1.40 percent stake increase as compared to last month.

In terms of stock valuations, all the aforementioned life insurance companies are trading at a premium compared to the industry average but are generating handsome returns. ICICI Pru and SBI Life generated returns of over 16 percent while HDFC Life Insurance saw a 23 percent rise in returns.

Another reason behind FPIs raising their stake in life insurance companies is that the Insurance Regulatory and Development Authority (IRDA) have not changed any of its norms related to its products.

Recently, IRDA wrote a letter to the Indian Banks Association (IBA) saying it has permitted insurance companies to sign inter-creditor agreement (ICA) pact along with the banks for the resolution of stressed assets.
Moreover, the Reserve Bank of India (RBI) in its June 7th circular had directed lenders to identify stress quickly, sign ICA and resolve bad loans proactively. Since many of the lenders are insurance companies, IRDA approval becomes crucial for all lenders to unite and hammer out resolutions. In terms of quarterly earnings, life insurance companies have reported healthy results.

HDFC Life's June quarter net profit rose 12 percent year-on-year (YoY), ICICI Prudential Life saw a 1.2 percent rise in net profit while SBI Life Insurance Company's net profit came in at Rs 371.90 crore, an increase of 4.96 percent YoY.

For HDFC Life, assets under management (AUM) stood at around Rs 1.3 lakh crore as of June 30, up 18 percent YoY with the debt and equity mix of 62:38 in Q1. ICICI Pru's AUM grew 15 percent over the year to 1.43 lakh crore while SBI Life's AUM rose 22 percent YoY to Rs 1,42 lakh crore as on June 30.

TOP

Source

Term Insurance: Enhance your term cover with accidental death benefit rider - Financial Express – 3rd August 2019

There is nothing denying the fact that life insurance remains one of the most important financial planning tools for every individual who has dependent family members. Hence, it becomes important to invest in a life insurance plan sensibly, after doing intense research on various aspects and keeping various scenarios in mind. When planning to buy a life insurance policy, it is often observed that most people fail to understand the various elements that together make a life insurance cover, following which they end up investing in a wrong product. Apart from not understanding the right sum assured needed, they even fail to calculate the policy term and the add-ons that need to be purchased to make the term insurance policy much more comprehensive.

The most valuable product under life insurance is Term Insurance. The product comes minus the benefits of investment, maturity and surrender value, and the only advantage being death benefit that dependents of the insured receive upon death of the policyholder. As per the policy conditions, the entire sum assured is paid out to the nominee/beneficiaries in case of sudden death of the policyholder within the policy term that may be 20, 30, 40 or more years.

Making the Policy Much More Comprehensive
In order to make the policy much more comprehensive, the insurers allow the policyholders to attach add-ons or riders to the plan. These add-ons enhance the coverage and make sure that the dependents get maximum benefits on the death of the policyholder so that they do not suffer from any financial problems. The various riders' available promise additional coverage to the insured under various segments that include Death, Disease and Disability. To enjoy additional coverage, the policyholders need to pay some extra premium to attach the add-ons to their term policy. Choosing the add-ons with your term plan may seem simple but it is really important to choose the right add-ons. You must select an add-on that rightly caters to your specific needs and requirements.

Accidental Death Benefit Rider
People involved in a profession that involves great risk or a profession that involves too much driving must make their term plan much more comprehensive by adding Accidental Death Benefit rider to it. Accidental Death Rider is one of the common riders provided by most of the term insurance companies. By opting for this rider, a policyholder gets the extra amount in lump sum or monthly income whichever

way the policyholder thinks are best for the dependents. The premium of the accidental death benefit rider completely depends on the total sum assured. These riders typically end once the insured person reaches age 70.
Apart from the Accidental Death Benefit Rider, another important rider in which one must be covered is accidental disability rider. In this cover, if the policyholder becomes disabled as a result of an accident, the insurer offers income to the diseased for a specific period according to the terms of the policy. The policyholder can also choose to take benefit as a lump sum amount that can act as an income replacement benefit.

An accidental death benefit generally covers any death that occurs due to an accident. It typically excludes incidents like acts of war and death caused by illegal activities, etc. Hazardous hobbies, in which the insured regularly engages, are generally specifically excluded, as well. In the case of a fatal accident, death usually must occur within a period specified in the policy.

(The writer is Santosh Agarwal.)

TOP

Source

Insurance employees stage demo against 'privatisation' –The Hindu – 2nd August 2019

Members of Insurance Corporation Employees Union (Nellore division) staged demonstration at the LIC office here on Friday, protesting against the State government's divestment plan and also the proposal under active consideration to go for public listing.

The lunch-hour demonstration was led by ICEU secretary Y.K. Krishna Kumar, who saw an attempt to privatise state-run utilities like the railways and BSNL. Recalling the corporation's rise from a mere ₹5 crore to become a mammoth entity worth ₹31 lakh crore today, he said the government should not consider LIC a 'golden duck' and warned that any effort to hand it over to the corporate sector would be met with stiff resistance.

At Kadapa, the ICEU Kadapa division members Chandra Pal, Venugopal s Reddy and A. Raghunatha Reddy, forming part of the joint front of employees, called the Centre's decision 'objectionable'. At a protest meet at Kadapa divisional office, they said LIC of India topped the world by meeting 99% of its claims. The company had secured impressive grades from several rating agencies in the world, but the Indian government had chosen to ignore the same, they rued. The leaders warned that they would go to any extent to protect the policyholders' interests.

TOP

Source

Change in TDS rule on insurance to put additional tax burden on single premium plans from Sept 1 - Financial Express – 2nd August 2019

In her first Budget, India's first woman Finance Minister Nirmala Sitharaman announced that there will be a change in the rule and the rate of tax deducted at source (TDS) on the maturity amount, where the premium amount is more than 10 per cent of the sum assured (more than 20 per cent of sum assured (SA) for policies issued between April 1, 2003 and March 31, 2012).

In case of term plans, where premiums are much lower than 10 per cent of the SA, as well as for most of the regular premium endowment plans, the maturity amount is not taxable under the provision of sub-section 10D of section 10 of the Income Tax Act on the ground that the premium is less than the certain percentage of the SA.

But in case of single premium policies, the premium is generally much more than 10 or 20 per cent of the SA and hence the maturity amount becomes taxable as per section 194DA of the Act. Maturity proceeds, which contain SA and bonus, of some short-term regular premium plans also become taxable, where the amount of regular premium exceeds the allowed percentage of SA u/s 10(10D) of the Act.

So far, TDS of 1 per cent was deducted from the entire maturity amount (i.e. SA+Bonus or Loyalty Addition) in case of the policies, where the premium amount exceeded the stipulated percentage of SA. However, in the Budget 2019, it has been proposed that from September 1, 2019, 5 per cent TDS on non exempt portion of life insurance pay-out will be charged on net basis (i.e. total maturity amount – total premium paid), instead of deducting tax from entire maturity amount.

While the net pay may be very low income cases, resulting into lower tax outgo, but in most cases, especially for the popular single premium plans of LIC of India, the proposed tax outgo will be much higher than the existing 1 per cent TDS on the maturity amount.

Take for example the single premium option of plain vanilla endowment plan of LIC of India – Single Premium Endowment Plan (Table No. 817). The entry age under this plan varies from 90 days (completed) to 65 years (nearest birthday) and the term of the policy varies from 10 years to 20 years. If the policy is taken for a child of 90 days for a term of 20 years, the amount of single premium for a policy of Rs 1 lakh SA will be Rs 52,440 and the maturity amount, taking into account the current Bonus rates, will be Rs 1, 96,000.

So, as per current provision, the TDS amount will be 1 per cent of Rs 1, 96,000 or Rs 1,960. But the proposed TDS amount will be 5 per cent of Rs 1, 43,560 (i.e. Rs 1, 96,000 – Rs 52,440) or Rs 7,178. Hence, under the proposed TDS rule, the tax payable will be about 3.66 times more in this case.

However, the difference will be less, in case a 65 years old person takes a policy for a term of 10 years. In this case the amount of single premium for a policy of Rs 1 lakh will be Rs 76,945 and the maturity amount, taking into account the current Bonus rates, will be Rs 1, 41,000. So, the existing TDS will be 1 per cent of Rs 1, 41,000 or Rs 1,410, while the proposed TDS will be 5 per cent of Rs 64,055 or about Rs 3,203. Hence, under the proposed TDS rule, the tax outgo will be about 2.27 times more compared to the existing TDS amount. As per sub-section 10D of section 10 of the Income Tax Act, TDS is levied in case of maturity claim and not in case of death claim.

(The writer is Amitava Chakrabarty.)

TOP

Source

GENERAL INSURANCE

Oil firms shop for separate war risk cover as premium on cargo transiting Strait of Hormuz spikes up - The Hindu Business Line – 4th August 2019

Indian entities importing crude oil, petroleum products, chemicals and fertilizers from the tension-ridden Arabian Gulf are paying “phenomenally higher” cargo insurance premium to cover war and strikes, after global marine underwriters imposed extra premium to insure cargo transiting through the Strait of Hormuz -- the world’s busiest oil shipping lane -- in the wake of tough measures taken by the US on Iran over its nuclear programme.

Typically, cargo insurance clauses exclude war and strikes, but by attaching the war and the strikes clause, they get restored. Before tensions built up in the region, full-fledged cargo cover was available at about 0.0006 per cent of the cargo value, as competition among global underwriters to grab "more market share and volumes" drove down premium costs substantially.

Since then, marine insurers have issued notice of cancellation to withdraw the war and strikes cover on cargo transiting though the High-Risk Area, including the Strait of Hormuz. India's state-owned re-insurer, GIC, has issued such withdrawal notices and is quoting an extra premium of 0.15 per cent on the cargo value, to re-instate the cover for cargo such as crude oil, petroleum products, chemicals and fertilizers, industry sources said.

"West Asia is where India gets most of its crude and petroleum products from. Each ship carries on average Rs 300 to Rs 1,000 crore worth of cargo. Suddenly, when the war and strikes risk cover is withdrawn, they are in a jam," said R Balasundaram, Executive Vice-President, Global Insurance Brokers Pvt Ltd.

"A couple of our clients have paid up. But, the larger sufferer is going to be the oil companies. Their premiums are going to shoot through the roof. They buy phenomenal quantities from that region," he said. To deal with the situation, oil companies have started asking for war risk cover separately and are scouring the international re-insurance markets for a better/ cheaper deal.

"I believe some of them have been able to get better deals. Certain brokers in London markets have quoted almost half the rate - instead of 0.15 per cent - they have quoted 0.8/9 per cent, which again is some 500 times higher than what it used to be," he added. The 0.0006 per cent rate charged earlier, included war, strikes and cargo risk. But now insurers are withdrawing the war risk cover and asking for an extra premium of 0.15 per cent to restore it. People are in for a shock, it is phenomenally higher, Balasundaram said.

India imports more than 80 per cent of its oil and around two-thirds of that comes from West Asia. Every 10 per cent increase in the price of a barrel of crude widens the nation's current-account deficit by about 0.4 per cent of gross domestic product. "Ultimately, price impact is there; the price of petrol could go up," he noted.

In the case of fertilizers, prices are subsidised by the government. The subsidy is not going to increase, but your premium costs go up substantially. And, you may not be able to pass on everything to the customers. The only saving grace is that not all of India's fertiliser imports come from the Gulf region. You can get it from other sources as well, he added.

(The writer is P. Manoj.)

TOP

Source

Going abroad for studies? Here's why you must buy student travel insurance - The Hindu – 4th August 2019

There was a time when only a few students could make their way to international universities for higher studies. However, this has changed drastically in the last few years with a significant increase in the number of Indian students enrolled in foreign universities.

As per a recent Reserve Bank of India (RBI) report, the total expenditure on tuition and hostel fees by Indian students studying abroad has gone up by 44% from \$1.9 billion in 2013-14 to about \$2.8 billion in 2017-18. Moreover, it is estimated that by the year 2024, approximately 4 lakh Indian students will enrol themselves in foreign universities. The U.S., Canada and the U.K. remain preferred destinations for Indians studying abroad, followed by Singapore, China, Australia and other European countries like Germany and France.

Make your choice

A price comparison of top insurers offering travel insurance to a 20-year-old student travelling to the U.S. for a 1-year university programme

Insurer	Plan Name	Premium(₹)
Religare Insurance Company	Student Explore Super	₹32,048
Reliance General Insurance	Student Platinum	₹33,765
HDFC General Insurance	Platinum	₹39,901
Apollo Munich Health Insurance	Educare Platinum	₹58,715

*SOURCE: WWW.POLICYBAZAAR.COM

While planning to go abroad for higher studies, there is a plethora of arrangements that you need to make prior to your departure. From making financial arrangements to booking flights and packing the right stuff, there are numerous things that you need to take care of. And while preparing for all other important things, it is quite possible that you may miss out on one of the most important details while travelling to study abroad — overseas health insurance / comprehensive travel insurance policy.

Other than for Australia, New Zealand and some European colleges, students can buy travel insurance from India by signing/opting for the student health insurance waiver. However, it is always advised to buy student overseas insurance while going abroad for study as it functions as a safety net for you if you get into any trouble or inadvertently cause damage during your stint overseas.

One of the most important reasons why students travelling abroad for higher studies must buy travel insurance is to cover medical expenses, given that the cost of healthcare overseas is quite expensive in comparison to that in India. For instance, a doctor's consultation fees in the U.S. are about $300-$400 i.e. about ₹20,500–₹27,000 in Indian currency.

Now, without travel insurance in place, one can end up spending over a week's budget on just consultation/emergency room visit charges, which do not include medicines. Keeping such a scenario in mind, it is very important to invest in the right insurance cover to enjoy overall protection.

Other risks

Apart from providing comprehensive coverage against medical emergencies, student travel insurance also covers you against other possible incidents like study interruption, sponsor protection, university insolvency, loss of laptop/table, loss of baggage, passport and important documents. While buying student travel insurance, it is important to consider some crucial aspects. One, ensure that your student travel insurance adheres to your university-issued guidelines.

If a student's travel insurance plan's coverage is not in line with the university issued guidelines, they have every right to decline the student's insurance waiver benefit or even cancel the admission. Most universities in the U.S. and Canada demand that international students insure themselves in a plan that covers all expenses related to pre-existing diseases, drug addiction, pregnancy and mental illness, without any sub-limits.

Additionally, some of the universities even insist on international students taking travel insurance from insurers in their home countries. It is better for Indian students travelling abroad to buy insurance from India as policies offered by Indian insurers are way cheaper and offer better benefits.

As per industry experts, for students travelling to a foreign land for higher studies, the minimum sum insured must be between $250,000 and $500,000. However, it is always advised to check university guidelines before buying a policy. The premiums for different policies vary across insurers. For a 20-year-old student travelling to the U.S. for a 1-year programme, the average premium for a $500,000 sum-insured policy is about ₹35,000.

While buying student travel insurance policy, do compare different plans offered by various insurers, on the website of insurance aggregators. This will help you choose a plan that caters to specific needs and requirements and make the policy much more comprehensive by attaching required add-ons. Also, ensure your insurer not only covers you for on-campus incidents, but also provides adequate coverage for incidents taking place outside the campus.

(The writer is Mr. Tarun Mathur.)

TOP

Source

HEALTH INSURANCE

Things to know before buying health insurance for your parents – DNA – 7th August 2019

Investing in a health insurance plan has become imperative, especially, due to rising healthcare expenses and pervasiveness of lifestyle disorders. Having a health cover in place takes away the burden of bearing the costs of hospitalisation and subsequent treatment sans the need to dig deep into our coffers to pay for them.

While many family floater plans are being sold in the market, the choice becomes limited when it comes to paying for health insurance plans for our parents, especially, if they are senior citizens. However, with new insurance companies selling innovative health plans, the choice has become wider than before. While not much difference lies in buying health insurance products for different age groups, it is important to keep the following points in mind before buying one for your parents. These include:

Choose one with maximum sum assured: It is not enough to opt for an insurance plan that costs less. Considering the rise in treatment expenses and the increased tendency of senior citizens seeking treatment for their health disorders, it is important to buy a health plan that allows maximum cover. Subramanyam Brahmajosyula, head – underwriting and reinsurance, SBI General Insurance, says, "As a general rule, the older you are, the more difficult it becomes to get health insurance since health-related complications tend to increase as we age. It is therefore doubly important that you arrange for adequate insurance cover for your parents. If you are employed, it is possible that your organisation also provides health insurance cover for parents. However, it is always preferable that a separate insurance policy is taken to cover them. Also, it is particularly important to ensure that continuity of cover is maintained, i.e., the policy should be renewed in time so that there is no break in insurance. Some companies have specialised insurance policies for senior citizens. Make sure you check these out before taking a final decision."

POLICY CHECK-UP
Senior citizens are more prone to multiple illnesses and hence having a health insurance cover with a minimum waiting period can help More than number of hospitals, it is important to check if the quality of hospitals near you are on the network list because you are more likely to go there

Coverage of pre-existing disorders: Many insurance companies shy from covering senior citizens already afflicted with certain pre-existing illnesses due to the high risk of hospitalisation involved. Moreover, such plans come with a long waiting period, thus, rendering them futile in terms of usefulness. Shreeraj Deshpande, principal officer, Future Generali India Insurance, says, "It does help to buy health policies that cover pre-existing diseases with a minimum waiting period for senior citizens. Senior citizens are more prone to multiple and chronic illnesses due to old age. Hence, having a health insurance cover with a minimum waiting period can help. Also, they are usually financially dependent, so adequate insurance cover having a minimum waiting period for the pre-existing disease will help them take care of the medical emergencies."

Mandatory health checkup: Many health insurance companies in India require their customers to get a health checkup before paying for the plan. Navin Chandani, chief business officer, BankBazaar, says, "Several health plans do not mandate any pre-medical test before buying a health plan. Some senior citizen plans may also waive off medical checkups even for senior citizens, but these are more of an exception and not the norm. This is because the onset of several lifestyle illnesses typically happens post 45 years, and the pre-existence of certain illnesses can affect your policy premium. Regardless of whether you require to undergo a health checkup or not, it is important to keep in mind that you have to clearly state all pre-existing medical conditions while applying for the policy." Elucidating the same, Naval Goel, CEO & founder, PolicyX.com, says, "Well, no medical checkup is needed before purchasing senior citizen health insurance; however, this varies from one insurer to the other. You must check the plan thoroughly before finalising. A few plans that you can consider are Star Health Senior Red Carpet Plan, Oriental senior Citizen Hope and many more."

Cashless hospitalisation: Paying hospitalisation expenses from one's pocket may result in a sudden dent on the savings. This explains the utility of opting for cashless treatment options that many health insurers offer to their customers. Also, opting for an insurance company with the maximum network of hospitals is important. Ravi Vishwanath, ED & CEO, Reliance Health Insurance, says, "Cashless facility is important for smooth claims experience in an event of a hospitalisation. More than the number of hospitals, it is important to check if the quality of hospitals near you are on the network list because you are more likely to go there."

Ease of portability: While getting the health plans for your parents (or senior citizens) renewed, look for policies that allow them to retain the accumulated benefits. This is possible in portable policies only. Mahavir Chopra, director of health, life and strategic initiatives, Coverfox, says, "Portability becomes tricky as you grow older and should be attempted only if there is an extremely strong reason like an awful claims experience." Most of the health insurance policies in India are portable provided they are renewed 45-60 days before the renewal date of the current health insurance policy.

The insurance market has undergone a sea change in the last few years. New health insurance plans with better coverage options and unique benefits are available both online and offline. This means that making a choice will not be difficult while choosing a health plan(s) that covers both your aged parents, thus, taking care of their medical expenses, if the need arises.

(The writer is Abeer Ray.)

Source

TOP

From claims to medical advice to health checks, insurance gets tech-savvy – Mint – 3rd August 2019

Paper work and insurance agents have long been the foundation stones for your insurance policies. However, insurers have used technology along various steps of the insurance services value chain: from the application to claim-processing stage. Artificial intelligence, wearable devices, mobile applications, virtual assistance and video conferencing are replacing paperwork. Let's take a deeper look at the benefits of these services and the challenges you face.

Artificial intelligence: Artificial intelligence (AI) first entered insurance through chat bots. Some insurers have now integrated use of AI on Whatsapp. For instance, Reliance General Insurance Co Ltd has used AI by introducing Reliance Interactive Virtual Assistant

(RIVA) which generates policy quotation, accepts claim intimation and provides policy copy on Whatsapp and Facebook Messenger. It replaces human intervention and reduces time taken for claim processing. Through the use of AI and technology, queuing theories and smart analytics, HDFC Ergo General Insurance Co Ltd claims to have reduced the average time to 14 minutes from 3.8 hours.

Wearable devices: Insurers give discounts in insurance policies by tracking lifestyle activities. For example, Manipal Cigna Health Insurance's Get Proactive is integrated with their Healthy Rewards Program allowing you to earn incentives by tracking your activities using select wearable devices. You can also directly enter non track-able activities into the application. Healthy reward points are then earned on the basis of the quantum of physical activity. The company uses these reward points to give you some discount on your premium, limited to a maximum of 10% of your annual premium.

Mobile applications: Some insurers allow you to upload your claim documents for a certain amount digitally. Bajaj Allianz General Insurance has a feature called Health – Claims by Direct Click (CDC), which allows you to submit documents through the mobile application 'Insurance wallet' for assessment and settlement. Through this you can receive claims of up to ₹20,000 in two working days for admissible claims. Another health insurer's mobile app, Max Bupa Health App by Max Bupa Health Insurance Company Ltd offers services available to those who have purchased Max Bupa's Go active policy.

'Go active customers' can access services provided by the plan on the app – cashless OPD, diagnostics, purchasing medicines, personalised advice from fitness experts, health checks, behavioural assistance and second medical opinion in case of critical illnesses and more. Aditya Birla Health Insurance Company Ltd has an online cashless platform for OPD claims. "There is a centrally located team of experts who reach out to customers to resolve their queries and assist them during the course of hospitalisation," said Mayank Bathwal, CEO, ABHICL.

Video conferencing: One of the examples of this service is Motor On The Spot (Motor OTS) by Bajaj Allianz General Insurance Company Ltd. "Normally, the claimant has to submit original hardcopies followed by a physical inspection of the vehicle," said SasikumarAdidamu, chief technical officer, Bajaj Allianz General Insurance. Through Motor OTS, you need to upload the images of the damaged vehicle along with the requisite claim documents on the mobile application.

The company using data analytics tool will recommend immediate liability to you and suggest a repair workshop within turnaround time of around 20 minutes. After your consent, the company will approve the claims payment which, the insurer claims, will get credited within 30 minutes into the your bank account. Some insurers also have a live video streaming facility. "Through our live video streaming feature for motor insurance claims, our workshops/customers can easily carry out self-inspections," said Santosh Menon, executive vice president and national head of claims personal lines, auto, Tata AIG General Insurance Co Ltd.

WHAT THIS MEANS FOR YOU

Experts believe these initiatives come as a relief. "From a customer standpoint, the process of submitting claims have become easier," said Naval Goel, founder, Policyx.com. The usage of AI has fastened things in all the three stages of the insurance value chain: Distribution and pricing, underwriting and policy issuance, and claim servicing. "AI-powered chat bots help in the application stage, and algorithms used in underwriting have brought down the time take for policy issuance," said Goel. However, such AI-powered services may face a glitch.

"An issue that you may face with AI-powered chat bots is if it may not give the exact answer you were looking and specific questions may be easier to convey to a human. However, this is still an evolving feature," said Mahavir Chopra, director – health, life and strategic initiatives, Coverfox.com.

(The writer is Revati Krishna.)

Source

[TOP]

Admn out to make insurance scheme successful - The Tribune – 3rd August 2019

The district administration is leaving no stone unturned to make the Ayushman Bharat Yojana, starting on August 20, successful.

Deputy Commissioner of Muktsar MK Aravind Kumar held a meeting with officials of the Health Department regarding the scheme on Saturday. He said besides the families eligible as per the Socio Economic Caste Census-2011, small traders, smart ration card holder families, farmers (having J form), construction workers and other poor families currently covered under the Bhagat Puran Singh SehatBimaYojana would get the benefit of cashless health insurance of Rs5 lakh. E-card could be made by visiting the website www.shapunjab.in. —TNS

Who are eligible?
Families eligible as per the Socio Economic Caste Census-2011, small traders, smart ration card holder families, farmers (having J form), construction workers and other poor families currently covered under the Bhagat Puran Singh SehatBimaYojana are eligible for the scheme.

TOP

Source

Minister says PMJAY to be people's movement, but health system understaffed - Business Standard – 3rd August 2019

While the Indian government has promised improved and universal healthcare, a new study has pointed out that the country's healthcare system is under-staffed, does not meet global standards for density and is largely unqualified to meet rural health needs.

"We will make Ayushman Bharat-PMJAY and health and wellness centres into a people's movement," union health minister Harsh Vardhan told the media as he took charge of his ministry on June 3, 2019, referring to the prime minister's national health protection programme, the Pradhan Mantri Jan Arogya Yojana (PMJAY).

Launched in September 2018, PMJAY, the national health protection scheme, offers insurance of up to Rs 5 lakh to 100 million poor households to reduce "catastrophic expenses" and aims to move India towards universal health coverage.

However, it may be difficult to achieve these ambitions given the shortcomings pointed out in a study published in *BMJ Open*, an open-access medical journal, on May 27, 2019. The density of doctors, nurses and midwives per 10,000 population was 20.6 in 2016, up from 19 in 2011-12--calculated using National Sample Survey Office (NSSO) data--said the study, which also used (registry) data from professional associations such as the Medical Council of India, Indian Association of Physiotherapists, Indian Nursing Council and the Ministry of Health and Family Welfare.

New medical, nursing and paramedical technical education institutes that cropped up over the decade to 2016 were responsible for the increased numbers. "However, this rise is still not enough to meet the minimum standards set by the WHO [World Health Organization] which is 22.8 health workers per 10,000 population," said Anup Karan, additional professor at the Indian Institute of Public Health, run by the Public Health Foundation of India (PHFI), a Delhi-based advocacy. "About 250,000 health workers are needed to meet this requirement."

Ensuring that the healthcare system is fully staffed is important because of India's many health crises, some of which include: 17% of maternal deaths globally; increasing cases of non-communicable diseases, which accounted for 61% of deaths in 2016; and an ongoing struggle to control communicable diseases such as leprosy and malaria. Since most Indians pay out of pocket for health expenses, millions slip into poverty every year because of health catastrophes they cannot afford, as **India Spend** reported in July 2018.

Healthcare workforce: 'Most severe crisis'

As we said earlier, according to the WHO norms of 2006, there should be a minimum of 22.8 health workers--including 10 doctors--per 10,000 populations: India has 20.6 doctors, nurses and midwives per 10,000 populations, and no more than 5.9 allopathic doctors, according to the NSSO.

The Global Health Workforce Alliance, created to address health workforce shortage crisis, and the WHO in 2006 categorised India among 57 countries facing the "most severe crisis" with regard to healthcare human resources. Ten years later, in 2016, the WHO revised its norms to 44.5 healthcare workers per 10,000, needed to achieve sustainable development goals and universal health coverage. This is almost double of India's current healthcare workforce numbers.

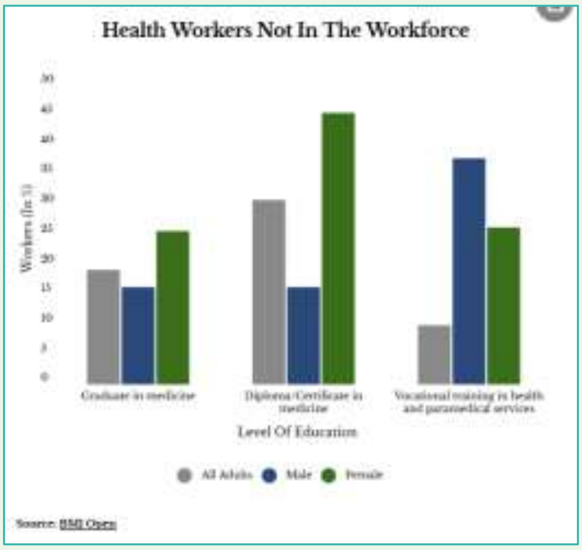
In 2016, India had a healthcare workforce of 3.8 million, including nurses, mid-wives, doctors, paramedical professionals, health assistants and non-medical personnel, such as administrative and housekeeping staff. Rural India and the eastern states had an even lower density--an average of 17.

However, these estimates do not include 790,000 auxiliary nurse midwives (ANMs), village-level female healthcare workers, who are vital to India's primary healthcare system. "This is because ANMs are not recognised as nurses according to international standards," said Karan from the Indian Institute of Public Health.

Initial steps to give ANMs internationally-recognised training and licenses are under way in Telangana, as **India Spend** reported in February 2019, and could be scaled up as well as replicated in other parts of the country. If ANMs are counted, India has 29 healthcare workers per 10,000, higher than the 2006 WHO norm for human resources for health but still 14.5 workers below its 2016 benchmark.

There was a 1.2 million gap between the number of health workers registered and the data reported by the NSSO. The density of doctors, nurses and midwives was 26.7 using registry data, the gap being attributed to the fact that 20% of these health professionals may be registered but are currently not employed in the healthcare workforce, said the study.

India's missing women health workers



Much of this shortfall can be attributed to the missing women in India's healthcare workforce, said the study.

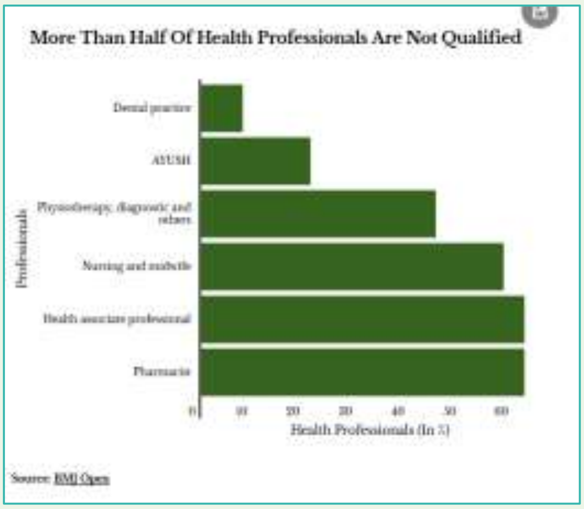
Nearly 19% of those who are "graduate in medicine" and 31% of those with a "diploma or certificate in medicine" are not in the workforce. Among women, 26% graduates in medicine and 46% of those who hold diplomas or certificates in medicine are out of the workforce.

Between men and women, there is an employment difference of more than seven percentage points in employment among graduates and 30 percentage points among those with certificates or diplomas in medicine. With regard to vocational training in health and paramedical services, the proportion of men out of the workforce is greater than women.

“It is noticed that most women in their most productive age face challenges in being in the workforce due to marriage and childcare,” said Karan, and often their families have reservations about their profession. “Just getting the trained women in the workforce will help India bridge the gap in health worker density to an extent and improve the situation,” he said. Of the 25-35% of women out of the workforce, it would be possible to get at least half of them back through gender-sensitive policies, he said.

Available but not trained

Not all of India’s currently working health professionals are trained: 54% of all healthcare workers, including 25% of allopathic doctors, had “inadequate or no training”, the study said.



The proportion of unqualified workers among the healthcare workforce is similar across the board: pharmacists (62%); health associate professionals, including dieticians, optometrists and physiotherapy assistants (62%); nurses and midwives (58%); and physiotherapist, diagnostician and others (45%).

If only human resources qualified for healthcare are considered, the density comes down to 15.8 per 10,000--seven workers fewer than the 2006 WHO standards. The older standard continues to be used because only developed countries meet the 2016 standards.

The problem of unqualified medical professionals is not unique to India: China, Bangladesh, Uganda and Australia also face this deficit.

However, not allowing these unqualified practitioners to practice would be difficult to enforce in a country like India, said Avani Kapur, director of Accountability Initiative, a public policy think-tank. It may result in many communities having no access to any healthcare at all. “Instead, recognising that we have a large informal network and ensuring training would definitely help since for a large part of India's primary healthcare system, very qualified degrees are not needed for basic outpatient care,” she said.

Conducting training programmes for informal healthcare providers could improve the quality of care, a 2016 study in West Bengal had found, so that more patients would consult them, increasing their income.

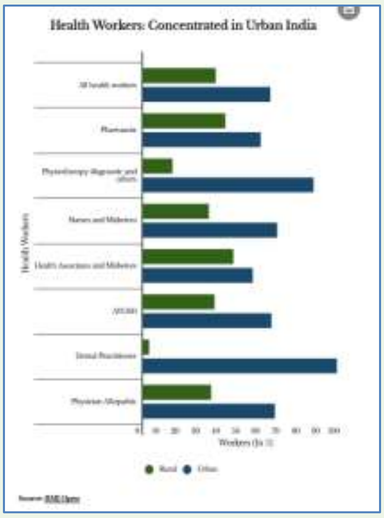
The present study suggested that traditional birth attendants, snakebite healers and bone setters, often the first point of contact for rural populations but unqualified as health professionals, could be brought into the “mainstream” by registering them. Also, *dais* (traditional midwives) could be registered with the government and allowed to deliver babies, while many other workers could be registered as paramedical personnel.

However, there is no clear policy on these workers in India, the paper noted.

The great lag in eastern, central India

With seven healthcare workers per 10,000 population, Jharkhand possesses India’s worst healthcare-workers density, according to the study. Many central and eastern states are similar: 11 (per 10,000) in Assam, 12 in Madhya Pradesh, 20 in Odisha, 23 in Bihar and 25 in the northeastern states. An exception is West Bengal, which has a density higher than the national average with 36 health workers per 10,000.

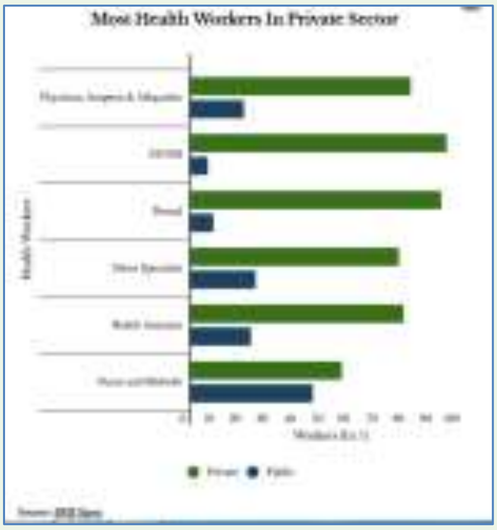
With 67 health workers, Delhi has the highest density in India, followed by Kerala (66), the union territories (62), Punjab (52) and Haryana (44).



"There is an urgent need to open more medical institutions in the eastern states of India," said Karan. "Most of these institutions are in the south and the west, which is why doctors from the eastern states end up going there and often don't return. If more institutes opened in other parts of the country, chances are that the doctors will stay back in their own states."

Most southern Indian states have higher health-worker densities than the all-India average of 29, except Andhra Pradesh with 25 per 10,000, according to the study.

There are rural-urban disparities too. Despite being home to 71% of India's population, rural India has 36% of its health workers, with densities being especially low for dental practitioners (3.2%) and physiotherapists, diagnosticians and others (14.7%); 34% of doctors and 33% of nurses, respectively, serve in rural India.



Predominantly private

Healthcare in India is driven by private care providers, with 72.4% of the country's health workforce being engaged in the private sector, according to the study.

Almost all (93.6%) AYUSH practitioners (Ayurvedic, Unani, Siddha and Homeopathy practitioners), 91.7% of dental practitioners, 80.4% of allopathic practitioners and 55.3% of nurses and midwives, practice in the private sector.

Private healthcare in India includes for-profit and nonprofit hospitals and private practitioners: 53% of all health workers are self-employed and only 6% are employed in large corporate healthcare companies.

(The writer is Swagata Yadavar.)

Source

TOP

Corporates are warming up to offering flexi insurance – Money control – 2nd August 2019

A Bengaluru-based technology firm used to offer a fixed Rs 5 lakh medical cover to its employees. After having the same insurance programme for almost five years, the company is looking to offer a tailor-made programme covering treatment for infertility for the staff since a lot of them were young women.

Having a standardised insurance product for corporate employees is soon becoming a thing of the past. Companies are now offering specialised solutions based on the larger needs.

Mohit Agarwal, Managing Director, Employee Health & Benefits, Marsh India Insurance Brokers told Money control that now companies are choosing covers that are relevant for their employees.

"There is not one standard policy that is applicable for all employees in a company. There are a set of packages including elderly care, diversity and inclusion or advanced care that can be chosen by the organisation," added Agarwal.

Most organisations offer health insurance covers that pay a fixed amount for cases of hospitalisation. Any other procedure including post-surgery recovery at home or residential nurse charges are not paid.

Further, cases like mental health, which were previously excluded from insurance, are now slowly being covered. The idea, according to Agarwal, is to offer insurance products that can be used by the corporate employees during a time of need.

Take maternity and infertility for instance. Since infertility treatments are expensive, with each session costing a minimum of Rs 2 lakh, it is a financial strain on couples who do not have the means to pay for it.

However if a corporation covers infertility treatments under insurance on a group platform, these expenses are covered. Similarly complications from pregnancy, which are usually excluded from a standard group health policy, will be covered under these specialised products.

Marsh India is among the few insurance broking entities that help create these products. Agarwal said that both public and private sector general insurers offer these products.

Depending on the rank of the employee, the insurance package also differs. For example, if a member of a senior management team in a company wishes to avail of medical treatment outside India, the flexi group insurance product will be made available for them.

Same is the case for dependent parents. A group health insurance product could be customised to create a niche offering for the parents of employees, added Agarwal.

"Health insurance is moving from defined benefits to defined contribution. There could be a co-pay element, depending on the type of the product," said Agarwal.

With companies also wanting to have a more diverse workforce with different preferences, insurance benefits for same-sex partners and live-in partners are also being recognised. Agarwal said that as long as the couple is able to produce a proof of living together, insurance coverage will be provided.

(The writer is M Saraswathy.)

TOP

Source

CROP INSURANCE

9,371 farmers await crop insurance claims in Karnal – The Times of India – 9th August 2019

A total of 9,371 farmers in Karnal district, who suffered crop losses during the 2018 kharif season, are yet to receive compensation under the Pradhan MantriFasalBimaYojana (PMFBY).

The money is yet to be disbursed by the insurance company to the beneficiaries even after more than a year. Due to clerical mistakes by their banks, as many as 4,395 farmers are struggling to settle their claims.

According to the data provided by the district agriculture department, 37,176 farmers were registered for kharif crops under PMFBY in 2018 in Karnal. Out of them, the insurance company settled the claims of 2,629 farmers amounting to Rs 4.56 crore. Remaining 9,371 farmers are struggling for their claims out of which 4,395 farmers have to wait due to clerical mistakes by the banks such as not entering the correct details of farmers on the PMFBY portal.

Subhas a farmer of Ardana village, said he had suffered losses during the 2018 kharif season and got his crop insured under the PMFBY. He said he had been running from pillar to post to get his insurance claim settled, but neither the insurance company and nor the bank was ready to listen to him.

Rattan Mann, state president, Bhartiya Kisan Union, said the agriculture department should take action against "negligent" bank officials or the insurance company, who were responsible for not settling the claims of farmers.

"A district-level meeting had been held in the presence of the Karnal deputy commissioner. The DC had written a letter to the state government to open the portal for two days so that mistakes made by the banks could be rectified. If the government declines to reopen the portal, then banks or insurance company concerned should ensure compensation to the farmers," said Aditya Dabas, Karnal deputy director of agriculture.

"The matter has been referred to the state government to grant permission to authorize banks to correct the entries on the PMFBY portal so that payment can be made to farmers," said Karnal DC Vinay Pratap Singh.

"The insurance company and banks both are at fault in different cases. A notice has been issued to the banks and also to the insurance company and they have been directed to award compensation to farmers as soon as possible, failing which properties of the authorities concerned would be seized," said Jag Raj Dandi, joint director of agriculture, Haryana.

(The writer is Amit Kumar.)

TOP

Source

'Technological breakthrough needed for effective crop insurance' - Rural Marketing – 7th August 2019

Dr Ashish Kumar Bhutani, CEO, Pradhan MantriFasalBimaYojana (PMFBY) and Joint Secretary (Credit), Ministry of Agriculture and Farmers' Welfare today said that the country needs a technological breakthrough to make crop insurance scheme a success in India.

Speaking at the 'National Conference on Risk Mitigation through Tech Innovations in Agri Insurance', organised by FICCI, Dr.Bhutani said that despite spending Rs 30,000 crore on PMFBY, it was getting negative publicity as large number of farmers have complained about non-payment of claims due to the use of a primitive technology.

"I have always maintained that PMFBY is a good scheme riding on primitive technology of crop cutting experiments (CCEs). This is a system which has been in vogue in the country since long," he said, adding that there was a need for a technological breakthrough which can be an alternative to CCEs.

CCE, which forms the basis of calculation of yields, computation of losses and finally computation of claims, is vulnerable to manipulations, seen in many states, and also the process of random sampling of farming plots, at times, results in benefits not reaching the farmers hit with calamity, Dr Bhutani said.

"Farm level assessment of the yields without a technology breakthrough is a logistic nightmare and the cost of implementing a farm level insurance in the country would be more than the subsidy government is providing today," he added.

For better implementation, the government is experimenting with weather based crop insurance scheme (WBCIS) which has its own challenges mainly because of the way the term sheets have been designed. Dr Bhutani, mentioned, Maharashtra government has corrected the term sheets bringing down the premium rates and the scheme was doing better. As for the lack of density of automatic weather stations in the country for executing WBCIS, satellite based data at lower level can supplement in its implementation, he said.

Further, he said that the government is doing pilots for smart sampling and crop cutting rationalisation. It will roll out in more states. Smart sampling does away with random generation of the plot number and the government selects the point where the crop cutting has to happen as a centralized based assessment.

Dr Bhutani highlighted that the ministry is making a comprehensive database of farmers. "There are cases of one plot being insured 5-8 times. Aadhaar helps only up to a point but beyond that you will have to link it to land records. By 2020, we should have a robust system through integration of farmer database."

Speaking on the occasion, Rajiv Chaudhary, CMD, Agriculture Insurance Company of India said, the State Agricultural Universities (SAU) and Krishi Vigyan Kendras (KVK), which are present in every district, can be engaged to design more appropriate term sheets for the weather based crop insurance products for specific crops in specific regions.

Siraj Hussain, Adviser, FICCI and Senior Visiting Fellow (ICRIER) and former Secretary, Union Ministry of Food Processing Industries (MoFPI) said, "If we can address the problems relating to WBCIS then perhaps the farmers can get their insurance claim in a much speedy manner than what has happened through crop cutting experiments."

Jatin Singh, Member, FICCI National Agriculture Committee and Founder and Managing Director, Skymet Weather Services said, "Ravaged by the twin threats of floods and droughts, India's water woes are of a paradoxical nature. The only way we can mitigate the risk to agriculture is through modern, accessible models of agriculture insurance."

Dhyanesh Bhatt, CEO, Gram cover Insurance Brokers said on the occasion, "Access to high-quality information empowers the buyers. Information, at its best, reduces data clutter and focuses on essential facts, thereby helping the buyer; in this case, the farmers make informed decisions."

Yogesh Patil, CEO, Skymet Weather Services said, "In the present scenario, efficient partnership models which can bring collective power of all stakeholders will be the game changer for agri insurance sector."

TOP

Source

50 districts out of 600 account for half of all crop-cover claims: Official - The Hindu Business Line – 7th August 2019

About 50 per cent of total claims under the Pradhan MantriFasalBimaYojana (PMFBY) come from the same 45 to 50 districts in the country year after year, prompting the government to check for foul play, said a senior official at the Agriculture Ministry.

"Around 45 to 50 districts out of 600 districts in the country are accounting for 50 per cent of claims year after year. At a recent meeting attended by the State Agriculture Ministers and top State government officials, we advised the State governments to do a detailed assessment of it, said Ashish Bhutani, PMFBY CEO and Joint Secretary (Credit) at the Agriculture Ministry. He was speaking at a conference organised by FICCI on crop insurance here.

One possibility is to move these regions and crops where claim payouts are suspiciously high from PMFBY to weather-based crop insurance scheme, Bhutani said. He cited the example of a couple of districts in Maharashtra where the cropped area covered under the scheme is more than the cumulative area available for agriculture in those districts.

Suspect districts
An official, who did not want to be named, said the districts from where unusually large number of claims comes are in Saurashtra in Gujarat, districts such as Jalna and Aurangabad in Maharashtra, and Churu in Rajasthan.

According to Bhutani, farmers are having a wrong perception that insurance companies are making huge profits. The last three years were relatively good years for Indian agriculture. Still, nearly 80 per cent of the premiums collected by the companies went back to farmers as claim payouts. Out of the remaining 20 per cent, 12-14 per cent is used by the insurance companies to reinsure their risks. So, their profit actually is only 4 to 6 per cent.

Misconception
Agreeing with Bhutani, Rajiv Chaudhary, Chairman and Managing Director of State-run Agriculture Insurance Company of India Ltd, which handles nearly half the crop insurance policies under PMFBY, said, "There is a need to counter the misconception that insurance companies are making huge profits at the expense of farmers. Last three years were relatively good years and there could be a bad year in which an insurance company may have to shell out up to 130 or 150 per cent of the premiums collected."

To counter the wrong perception, the Centre is toying with the idea of creating a pooling mechanism where insurance firms will deposit all the premiums collected under PMFBY and payouts can made from this kitty, Bhutani said. The government put the proposal to the States when State Agriculture Ministers met in New Delhi on July 8. "But only 5-6 States have come back to us so far," he said, adding that a decision would be taken in 15-20 days.

The government will also explore the possibility of making PMFBY not compulsory for farmers who take crop loans. This is quite possible now that a larger number of non-loanee farmers are voluntarily enrolling for PMFBY, Bhutani said.

Both Bhutani and Chaudhary said the serious challenge in PMFBY is the way crop cutting experiments (CCE) are carried out. The CCEs, which are carried out to estimate the crop estimation in an area, and thus to assess crop damage, are only 60 to 70 per cent accurate. Better technologies are required to get more accurate crop estimation, they said.

(The writer is T V Jayan.)

Source

TOP

MOTOR INSURANCE

Comprehensive vehicle policy with add-ons will cover additional risks – DNA – 5th August 2019

Monsoon is one of the most awaited seasons in an agrarian country like India. It ensures good produce in India's farmlands. However, like two sides of a coin, the season could prove to be to be not as welcoming to all sections of the society, especially for vehicle owners.

For millions of vehicle users on Indian roads, it's a season of anxiety, worry and distress, and less of thrills! Most road accidents in India take place due to slippery terrains, potholes or low visibility during heavy rainfall.

According to research by the Ministry of Road Transport and Highways, there were 36,594 accidents that occurred during the rainy weather. Hence, it is imperative to undertake safety measures as well as exercise prudence to warrant the safety of one's vehicle during monsoons.

Despite all the precautions, there could be untoward instances of breakdowns and accidents, the damages of which could be minimised by a comprehensive motor insurance policy to give an individual complete peace of mind.

Let's look at some of the necessary covers under a motor insurance policy that one may need to overcome the perils of this season:

Third-party liability insurance and own damage cover
The third-party liability insurance, or more popularly known as the 'TP Cover', is mandated by law and covers any damage to the life and property of a third party in case of a mishap while driving. Simultaneously, it is advisable to take an 'own-damage cover' for one's vehicle which usually comes under a comprehensive motor insurance policy. Such policies safeguard the vehicles against accidents, theft and unforeseen catastrophes like floods.

For vehicles with a comprehensive insurance policy, add-ons are available which cover additional risks and help reduce the customer's expenses. Some of add-on covers one must consider especially during monsoons are as follows –

Engine and gearbox protection cover
Driving on inundated roads can cause under body damages and engine break-downs. Few years ago, rains had wreaked havoc in Mumbai, submerging thousands of vehicles, which were damaged beyond repair due to the water breaching engine and gearbox. Most of the damages occurred when customers tried to start the vehicle without realising the potential impact this would have on the engine. Repairing such vehicles could turn out to be expensive. Thus, it is good to opt for an Engine-Protector add-on cover which can complement one's existing motor insurance policy.

Zero-depreciation cover
While a Comprehensive Policy will cover most of the damages caused to key parts of a car, depreciation is applicable on parts to be replaced and paint jobs done during repairs, which may be expensive. A zero-depreciation cover, also known as 'Zero Dep' policy, comes in handy here, ensuring that one receives the entire claim amount without worrying about the cost of depreciation of the vehicle.

Consumables cover
This is another useful add-on cover, which can go a long way in safeguarding one against financial stress in case of damages to the vehicle during monsoons. As the name suggests, it covers costs of most consumables like oil, nuts, bolts, screws, washers, etc., replaced during repairs. Since modern automakers use plastic and rubber in most of the key components of the vehicles, together these could amount to a big cost in case of an accident.

Emergency roadside assistance cover
This is an absolute must for those who use their vehicles regularly in the monsoon. Emergency Roadside Assistance cover provides battery jumpstart, towing, on site repairs, and other critical services in case of a vehicle break-down in the middle of the journey. One may avail more than 20 such services under this cover, keeping in mind every potential distress situation.

No claim bonus protection: This add-on cover option protects against the loss of one's No Claim Bonus (NCB) benefit due to minor damages to the vehicle. For example, since damages to the windshield or tree falling on vehicles are common during heavy winds or rain, such a provision will precisely take care of the need without affecting one's valuable NCB (which otherwise would have been lost due to such minor claims).

An individual's vehicle is one of the most prized possessions and with the rising costs of parts replacement and repairs, an elementary motor insurance policy will not be enough to cover the risks related to monsoons. These risks, at times, may aggravate the prospects of a total break-down or an accident. Therefore, it is wise to invest in a well-planned comprehensive motor insurance policy to avoid any financial and an emotional stress.

DRIVING INTO A SAFETY COVER
It is advisable to take an 'own-damage cover' for one's vehicle which usually comes under a comprehensive motor insurance policy

Since modern automakers use plastic and rubber in most of the key components of the vehicles, together these could amount to a big cost in case of an accident

(The *writer* is Atul Gujrathi.)

TOP

Source

Insurers must ensure RC is cancelled in case of total loss of vehicle – Mint – 4th August 2019

In case of an accident or theft of a vehicle, you would usually think of making an insurance claim. But is that enough, especially if your vehicle is severely damaged and you need to sell the remains to a scrap dealer?

You can make a claim in case of an accident where the total cost of repair is more than 75% of the insured declared value (IDV).

IDV is the approximate market value of your vehicle at the time of filing the claim. But apart from making a claim, there are other loose ends you should tie up before selling the remains of a destroyed vehicle.

In a circular issued recently, the Insurance Regulatory and Development Authority of India (Irdai) noted that it had been informed about the misuse of documents of vehicles that are sold to scrap dealers. There have been cases where thieves have forged the engine and chassis numbers of vehicles that are sold to scrap dealers and used them to create fake identities of vehicles they may have stolen.

However, if the documents are indeed misused, the owner in whose name the vehicle is registered can fall into trouble. So what should you do if your vehicle gets stolen or is severely damaged after an accident?

Section 55 of the Motor Vehicle Act 1988 states that if a motor vehicle is destroyed or is rendered incapable of use, the owner shall report this within 14 days to the registering authority within the jurisdiction of her residence or place of business where the vehicle is usually kept, and forward the certificate of registration (RC) to such authority.

If it is the original authority with which the vehicle was registered, it will cancel the RC; if not, it will forward the RC to the original registering authority.

While there is no penalty for cancellation of RC, Irdai has strictly instructed insurers to ensure it is cancelled in cases where policyholders file a claim for total loss and settle the claim thereafter.

As a vehicle owner, you must take this exercise seriously and get the RC cancelled to ensure no serious crime is committed using your vehicle's registration details.

(The writer is Disha Sanghvi.)

Source

TOP

Slowdown in auto industry casts shadow on motor insurance segment - Business Standard – 3rd August 2019

The slowdown in the Indian auto industry has cast a shadow on the business of non-life insurers. The motor insurance segment — largest contributor to general insurers' revenues — has seeing muted growth of late. Hopes of a recovery depend much on an improvement in customer sentiment, which could lead to revival in demand for new vehicles.

Premiums collected from the motor insurance segment contribute close to 38 per cent to the overall collection from various segments, for the non-life industry.

In the June quarter, growth in the segment stood at around 4 per cent, with premium collection at Rs 15,724 crore against Rs 15,074 crore in the same period of FY19. This was the lowest growth in the last five quarters, starting from Q1FY19.

In FY19, the motor insurance segment saw 9 per cent growth, with premium collection at Rs 64,000 crore against Rs 59,000 crore in FY18.

"Most of the manufacturers across private cars, two-wheelers, and commercial vehicles have shown continuous negative sales trend for the past few months. This slowdown has impacted motor insurance adversely, as insurance from new vehicles contributes a significant part," said Gurneesh Khurana, president and country head (motor business), Bajaj Allianz General Insurance.

While the overall segment saw 4 per cent growth, the own-damage segment in motor insurance declined 2.2 per cent, with premium collection at Rs 6,339 crore in Q1FY20 against Rs 6,546 crore in the same period of FY19.

On the contrary, the third-party premiums have seen 9.3 per cent growth, despite the insurance regulator increasing the premiums recently. Subramanyam Brahmajosyula, head (underwriting and reinsurance), SBI General Insurance, said: "The notification of increase in motor third-party premiums was issued by the regulator in June 2019 and hence the full impact of the increase will be seen in Q2 onwards. However, as the proposed increases are relatively moderate and since motor TP insurance is compulsory, they expect an overall increase in motor insurance premiums".

"Slowdown in sales of new vehicles has impacted the growth in premiums in the motor insurance segment. However, the expected rise in sales during the festive season should be able to negate the impact of this decline to a certain extent.

Further, the second half of the year should be relatively better for motor vehicle sales and therefore motor insurers. Also, the recent increase in motor third-party insurance premium rates should positively impact the industry GWP trend going forward," said Sanjay Datta, Chief (underwriting and claims), at ICICI Lombard.

BUMPY RIDE

- Motor insurance premiums in Q1 grew 4%, lowest in last five quarters
- Fire, health and other segments saw decent growth
- Experts believe muted growth trend likely to continue
- Revival might kick in in Q3
- Expected once BS-IV and BS-VI transition along with inventory adjustments take place

(The writer is Mr. Subrata Panda.)

Source

TOP

Good News for Electric Vehicles: Insurance industry going green with their auto plans - Zee Business – 2nd August 2019

EVs or Electric Vehicles are becoming increasingly popular in India for their eco-friendliness, economical fuel cost, lower maintenance expenses, etc. The central government has undertaken many initiatives to boost the adoption of EVs. The Ministry of Road Transport and Highways is also pushing the agenda of adopting EVs at a rapid pace in India through incentives and discounts. So, taking a cue from these developments into the EVs, the insurance industry is also gearing up for the EVs.

Vivek Chaturvedi, Head of Marketing and Direct — Online sales at Digit Insurance said, "The Insurance Regulatory and Development Authority of India (IRDAI) recently announced that Third Party (TP) premium rates for insurance of private electric vehicles will be given at 15 per cent discounted rates from FY 2019-20. It is a very high standard set by IRDAI for how industries related to automotive can help the government in raising awareness and adoption of electric vehicles in the country."

He said that the policy which has been effective since 16 June 2019 is available on all TP insurance provided through several channels and underwriting offices. As third-party insurance is mandatory, insurers must make it available for the customer. Cheaper TP rates would have a direct impact on EV adoption behaviour. Earlier, there was no separate category for electric vehicles. A Niti Aayog report predicted that there could be a sales penetration of EVs to the tune of 30 per cent in private cars and 80 per cent in two/three-wheelers by 2030. The expected boost is due to such initiatives and a push from the government.

"Considering the focus by the Government as well as industry bodies for a greener and sustainable future, it is critical for consumers to adopt electric or sustainable modes of transport to achieve that vision. A small change can go a long way to build a greener environment. For now, IRDAI is supporting by cutting costs on insurance for sustainable transport. It's time for you to take your next step for a sustainable future," Vivek Chaturvedi of Digit Insurance concluded.

(The writer is Asit Manohar.)

TOP

Source

REINSURANCE

Govt eases norms for re-insurers to set up shop at Gandhinagar IFSC - Business Standard – 4th August 2019

In a bid to promote International Financial Services Center (IFSC) as an attractive destination for investment for global re-insurers, the government has relaxed norms for setting up shops at Gandhinagar international financial services centre.

The notification of Finance (No. 2) Act, 2019, has paved the way for reduction of the Net Owned Funds (NOF) requirement for the opening of branches of foreign re-insurers in IFSC to Rs 1,000 crore from Rs 5,000 crore.

The significant reduction in NOF requirement with the amendment in the Insurance Act 1938 is expected to attract global re-insurance companies operating in financial centres like Singapore, Dubai, Hong Kong, Malaysia, London etc. to set up branches in IFSC in India.

The above amendment is thus expected to increase the number of foreign re-insurance players in IFSC, Gandhinagar and lead to on-shoring of international insurance transactions, a senior finance ministry official said.

State-owned reinsurer General Insurance Corporation of India in 2017 opened its IFSC Insurance Office (IIO) at IFSC Gandhinagar in Gujarat, the first and only IFSC so far. Opening an office at IFSC would allow global players to cater to the needs of customers outside the jurisdiction of the domestic economy. Such centres deal with flows of finance, financial products and services across borders.

Finance Minister Nirmala Sitharaman in her budget speech announced the government's intent to make India a hub for aircraft financing and leasing activities by leveraging business opportunities available in India's financial Special Economic Zones (SEZs), namely, IFSC.

Besides, the government has provided several direct tax incentives to an IFSC including 100 per cent profit-linked deduction in any ten-year block within 15 years and exemption from dividend distribution tax among others.

Together, these steps will lead to the creation of aspirational jobs in insurance and aviation finance and contribute to making IFSC a global financial and IT services hub.

TOP

Source

INSURANCE CASES

Chandigarh: Forum directs insurance company to pay Rs 35,000 relief for rejecting mediclaim – The Times of India – 6th August 2019

District Consumer Disputes Redressal Forum directed Reliance General Insurance to pay Rs 35,000 as compensation on failing to pay insurance claim, along with over Rs 8 lakh, which was the claim amount.

The complainant Krishan Lal Gupta, a resident of Sector 20, said in his complaint that he, along with his wife, had purchased a travel care policy from Reliance General Insurance in Sector 9, Chandigarh, for their trip to Australia. The policy was issued on March 6, 2018, and was effective for the period from March 7, 2018, to June 12, 2018.

Upon reaching Australia, the complainant fell sick and visited doctors/hospitals on various occasions and was thereafter hospitalized from March 29, 2018, to April 7, 2018, for fever, myalgia, diarrhoea and abdominal pain and upon clinical physical examination and evaluation at the hospital at Australia, the complainant was diagnosed with amoebic liver abscess and colitis and was treated for the same. The total expenses for the treatment at the hospital amounted to Rs 6.61 lakh approximately, of which around Rs 1.48 lakh was paid by him for various hospital visits and medicines.

As per his entitlement, the complainant approached the office of insurance company for claiming the reimbursement for the above said expenses/costs incurred by him. He had also provided all the documents/bills of his treatment, hospitalization, doctor/hospital visits, medication etc. However, on May 3, 2018, the claim was repudiated on frivolous and unreasonable grounds, forum alleged.

The insurance firm stated that history of cardiac ailment, dyslipidemia, gastro-esophageal reflux disease and hypothyroidism was not disclosed by the complainant during proposal for the insurance, and had specifically declared 'no' under pre-existing illness/ injury/condition column of the policy terms. This amounts to serious non-disclosure of material facts, which is violation of terms and conditions of the policy. Hence, the claim of the complainant was rightly repudiated, the firm maintained.

Forum after going through the documents stated that they were not impressed with insurance company's stand, as the complainant had taken the treatment of fever, myalgia, diarrhoea and abdominal pain at Australia, all of which had nothing to do with his heart ailment. In other words, the disease, for which the complainant was treated, was not related with the fact of him being a cardiac patient. Therefore, the reasoning given by the company for repudiating the claim is altogether baseless, the forum stated.

Forum further noted, "It is important to note that the complainant had to travel on March 8, 2018, and the policy in question was sold on March 7, 2018. Thus, they failed to get the complainant medically examined before issuing the policy. This leads to the irresistible conclusion that the insurance firm took advantage of paucity of time available with the complainant, mislead and tricked to purchase the policy in question without disclosure of the hidden clauses and terms of the same. To our mind, the complainant is a bona fide subscriber of the health policy. It was a settled principle of law that while raising objections with regard to the pre-existing disease, the insurance company must satisfy itself about the health status of the subscriber of such policy by getting him/her medically examined."

(The writer is Kamini Mehta.)

Source

TOP

PENSION

Pension scheme for informal sector workers gaining momentum - The Hindu Business Line – 8th August 2019

Over 31.6 lakh informal sector workers have enrolled under the Pradhan Mantri Shram Yogi Maan-dhan (PM- SYM) as on August 6, an increase of 78.85 per cent from March. This also indicates that the average daily enrolment was nearly 18,500.

Enrolment
(February 15-August 6)

Haryana	6,11,006
Maharashtra	5,59,466
Uttar Pradesh	5,17,534
Gujarat	3,56,034
Bihar	1,47,040
Odisha	1,35,255
Jharkhand	1,21,405
Chhattisgarh	1,10,751
Madhya Pradesh	1,07,566
Rajasthan	86,282

Source: Govt data

This voluntary pension scheme was announced in the interim Budget and launched on February 15. According to government data, workers enrolled themselves at the 3.52 lakh Common Service Centres in 29 States and seven Union Territories.

Haryana leads in enrolment followed by Maharashtra, Uttar Pradesh, Gujarat and Bihar. These five States alone have nearly 70 per cent share in the total enrolment. The number of informal sector workers is estimated at 42 crore.

These workers belong to mainly 126 professions/occupations. They include rickshaw pullers, street vendors, mid-day meal workers, head loaders, brick kiln workers, cobblers, rag pickers, domestic workers, washer men, home-based workers, own account workers, agricultural workers, construction workers, beedi workers, handloom workers, leather workers, audio-visual workers and workers in other similar occupations. The government has clarified that the present list is just indicative.

How the scheme works

The scheme is a contributory one with a matching share from the government. So if a worker contributes Rs. 100, the government will also deposit Rs. 100. The scheme provides an assured monthly pension of Rs. 3,000 from the age of 60 years on a monthly contribution of a small amount during the working age.

A worker from unorganised sector joining the scheme at the age of 29 will have to contribute only Rs. 100 per month till the age of 60 years. A worker joining at the age of 18 will have to contribute as little as Rs. 55 per month. However, there are 'lock-in' provisions for the government's share.

A subscriber will get the government's share only after he or she attains the age of 60. If an eligible subscriber exits the scheme within 10 years from the date of joining, then only his or her share of the contribution will be returned with savings bank rate of interest payable thereon.

If a subscriber exits after 10 years from the date of joining the scheme but before the age of 60, then only the subscriber's share of contribution will be returned along with accumulated interest earned by the pension fund or the interest at the savings bank rate thereon, whichever is higher.

In case of early withdrawal, the accumulated share of the government's contribution will be credited back to the pension fund.

(The writer is Shishir Sinha.)

TOP

Source

How your investments in NPS are faring – Mint – 5th August 2019

There are very few retirement products that help you accumulate a retirement nest egg and one such product is the National Pension System (NPS). NPS is a market linked, -contribution product that needs you to invest regularly in the funds of your choice. Being a market-linked product the returns are based on the performance of the fund that you choose. There are eight pension fund managers to choose from and one of the ways to choose your fund manager is by tracking the returns. Here is a breakdown of the performance of di erent funds of the private-sector NPS.

Returns (in %) — Tier-1 account

Fund Manager	Equity fund 1 year	Equity fund 3 years	Equity fund 5 years	Government bond fund 1 year	Government bond fund 3 years	Government bond fund 5 years	Corporate debt fund 1 year	Corporate debt fund 3 years	Corporate debt fund 5 years
Birla Sun Life Pension Scheme	0.70	—	—	20.21	—	—	13.67	—	—
HDFC Pension Fund	4.00	12.28	10.00	20.44	10.19	11.29	13.59	9.20	10.19
ICICI Prudential Pension Fund	3.88	10.72	9.19	20.41	10.34	11.43	13.70	9.39	10.50
Kotak Pension Fund	6.04	10.82	9.34	20.79	10.30	11.39	12.65	9.00	10.09
LIC Pension Fund	3.58	9.40	8.26	23.53	12.20	12.43	13.76	8.79	9.98
Reliance Capital Pension Fund	4.35	10.02	8.53	19.70	10.13	11.33	12.41	8.90	9.92
SBI Pension Fund	3.92	11.08	9.45	20.06	10.27	11.49	13.18	9.03	10.01
UTI Retirement Solutions	2.84	10.65	9.85	19.30	9.50	10.83	12.49	8.67	9.76
Benchmark index	Nifty 50 Total Return: 6.32	12.78	10.07	CCIL All Sovereign Bond-TRI: 19.72	9.70	10.70	CCIL Bond Broad-TRI: 15.59	8.98	10.19

AUM: assets under management; NAV: net asset value. For the Equity Fund the benchmark is NIFTY 50 Total Return, Government Bond Fund the benchmark is CCIL All Sovereign Bond - TRI, Corporate Debt Fund the benchmark is CCIL Bond Broad - TRI. Returns as on 10 July 2019. Assets as on 31 May 2019. 1-year returns are absolute returns

Source: Value Research

SANTOSH SHARMA/MINT

TOP

Source

Good News for Pensioners! Government brings this important change in Life Certificate rule – Financial Express – 2nd August 2019

If you are a pensioner, then here's good news for you. The government has decided that senior pensioners who are above the age of 80 years will be allowed to submit their Life Certificate (LC) from October 1 every year instead of November, and its validity will remain till November 30 of the subsequent year. Presently, life certificate for pensioners, which is provided to the pension disbursal agency as a piece of evidence that the pensioner is alive, is required to be submitted in the month of November. The government realised that senior pensioners were facing difficulties in standing in a queue to submit their LC and because of the limited time period, they have now been allowed to make early submission of the life certificate form. For pensioners below the age of 80, the LC can be submitted in November only.

In addition to submitting the physical copy of life certificate pension form, one may opt for 'Jeevan Pramaan' an Aadhaar based Digital Life Certificate for pensioners. For Jeevan Pramaan (DLC) the pensioner is not required to present oneself personally before the Pension Disbursing Officer. DLC does not have to be submitted physically to the Pension Disbursing Agency (Bank or Post Office etc) as it is available to them digitally and is automatically processed by the Pension Disbursing Agency. Also, each DLC has a unique id called the Jeevan Pramaan Id.

Pensioners desirous of using the Jeevan Pramaan facility and who have not yet seeded their Aadhaar number in their pension accounts are requested to approach their pension disbursing branch with original PPO, Aadhaar card and bank passbook along with photocopies of these documents. Jeevan Pramaan centres can be of help in completing this task.

After successful submission of digital life certificate, the pensioner will get a sms on one's mobile giving the transaction id. The pensioner will be able to download computer generated life certificate using this transaction id for their records.

At times, pensioners may face problems in submission of Digital Life Certificate due to non-acceptance of their biometrics (finger-prints) by the system. All Pension Disbursing Banks have been asked by the government that where the fingerprints of a pensioner are not accepted by the system, the alternate mechanism of biometric, i.e.Iris scanning, may be used in such cases. In case, however, it is not possible to have Digital Life Certificate either through fingerprints or through Iris scanning, the physical life certificate submitted by the pensioner may be accepted to avoid any harassment to the pensioner. The government has made it clear that in no case a pensioner should be returned without accepting his life certificate on account of non-acceptance of his biometric by the system.

(The writer is Sunil Dhawan.)

Source

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From PPF to Senior Citizen Savings Scheme, 13 government schemes to keep your savings 100% safe – Financial Express – 2nd August 2019

Since the Budget 2019 announcements were made early last month, the BSE Sensex is down by almost 3000 points. Another 800-point fall will remove almost all the gains made in the year till date. The situation is far worse for mid and small-cap indices and if the market continues to slide further from here, the investor confidence may get shaken up soon. As on August 1, 2019, the 5-year CAGR is about 7.76 per cent and over the 7-year period it is about 11.52 per cent. Also, several individual stocks and equity mutual fund (MF) schemes, especially mid-small caps, have been showing a much dismal return over the short to medium term. But then, equities are not for shorter horizons as they hold the potential to deliver over the longer term.

If you are contemplating moving to safer havens and invest in fixed income assets, here are a few government investment schemes that come with 100 per cent safety of principal invested and the income earned.

A word of caution: The ideal approach should be to allocate one's investments into both of these asset classes (equity and debt) and not be entirely exposed to any one of them. Fixed-income investment is a debt asset aimed to protect or preserve the capital and provide a regular source of income, while exposure to market-linked equity asset class becomes imminent to generate inflation-adjusted return over the long term.

1. Savings (Taxable) Bonds, 2018
One may invest in the Government of India 7.75 per cent Savings (Taxable) Bonds that have a tenure of 7 years. There will be no maximum limit for investment in the Bonds and the interest income will either be paid half-yearly or on maturity. In the latter case, the maturity value of the Bonds shall be Rs 1,703.00 (being principal and interest) for every Rs 1,000 invested.

2. Government Securities
NSE in collaboration with RBI has made it possible for retail investors to start investing in Government Securities on the E-Gsec platform for facilitating the non-competitive bidding in Government of India Dated Securities (G-Sec) and Treasury Bills (T-Bills). Government Securities are risk-free instruments and helps in providing portfolio diversification and are available for longer investment durations. G-Sec is long-dated security and they pay interest twice a year. Retail investors can place their bids through trading members of NSE or using the NSE go BIDmobile app or web platform. The minimum amount for bidding will be Rs.10,000 (face value) and in multiples in Rs.10,000. Although any exit before the maturity may result in capital gain or loss, the investment if held till maturity is safe as it is backed by the government.

3. Tax-free bonds
They are issued primarily by government-backed institutions such as Indian Railway Finance Corporation Ltd (IRFC), Power Finance Corporation Ltd (PFC), National Highways Authority of India (NHAI), Housing and Urban Development Corporation Ltd (HUDCO), Rural Electrification Corporation Ltd (REC), NTPC Ltd and Indian Renewable Energy Development Agency, and most carry the highest safety ratings. If a new issue is not available, then one may buy and sell them on stock exchanges as they are listed securities.

Generally, tax-free bonds are long-term investments with tenure of 10, 15, 20 years. The liquidity, however, is low in tax-free bonds and therefore, invest in them only if you are sure that you will not require the funds for such a long period. The interest is tax-free and there is no Tax Deducted at Source (TDS) too. Further, they usually offer annual and not monthly interest payouts hence may not meet a retiree's regular income requirement. If held till maturity, the safety of principal and interest exists. Currently, the YTM (Yield to maturity) is around 5.9 per cent (coupon ate is upwards 8 per cent) in tax-free bonds as currently the interest rate is headed downwards.

4. Sukanya Samriddhi Yojana (SSY)
SSY is a 21-year scheme and can be opened only in the name of girl child below 10 years. No matter what the age of the child is at the time of SSY account, the scheme will run for 21 years from the date of its opening. For example, if the child is 7 years, the maturity of SSY will happen when the child attains 28 years.

As a parent, one has to deposit only for the initial 15 years and during the last six years even though the scheme continues, no deposit needs to be made. Only on medical grounds, one is allowed to prematurely exit from the scheme. After the girl attains the age of 18, a maximum of 50 per cent of the funds of the preceding year may be withdrawn for the girl's higher education. In case of marriage, the SSY is allowed to be closed provided she has turned 18. SSY is a tax-friendly investment as it qualifies for tax benefit under Section 80C and even the interest earned is tax-free. Being a government-sponsored scheme, SSY carries the highest safety of principal and interest income. Currently, (July 1 to September 30, 2019), the interest rate is 8.4 per cent per cent per annum, compounded annually and paid on maturity.

5. Atal Pension Yojna (APY)
APY is an assured pension plan, the administration of which is done by the Pension Fund Regulatory and Development Authority (PFRDA) under the NPS architecture. APY is open for any Indian citizen between 18-40 years. Under the APY, the subscribers would receive the fixed minimum pension of Rs. 1000 per month, Rs. 2000 per month, Rs. 3000 per month, Rs. 4000 per month, Rs. 5000 per month, at the age of 60 years, depending on their contributions, which itself would be based on the age of joining the APY. Under APY, the monthly pension would be available to the subscriber, and after him to his spouse and after their death, the pension corpus, as accumulated at age 60 of the subscriber, would be returned to the nominee of the subscriber. There are no tax benefits in APY at any stage of the scheme. The return in APY is around 8 per cent for the subscriber.

6. Public Provident Fund (PPF)
PPF is a long term investment and requires a regular contribution to be paid for 15 years. One may, however, exit after 5 years (subject to conditions), avail a loan from 4th year and make partial withdrawals after 7th year. As per the rules, one is allowed to open only one account in own name while another can be opened in a minor child's name. A minimum of Rs 500 and maximum of Rs 1.5 lakh (self plus minor account) in each financial year can be put into the PPF scheme. While the investment qualifies for tax benefit under Section 80C, the interest earned is tax-exempt. Post maturity, the PPF account can be extended indefinitely in a block of five years. Currently, (July 1 to September 30, 2019) the PPF account carries an interest rate of 7.9 per cent per cent per annum, compounded annually and is paid on maturity.

7. Kisan Vikas Patra (KVP)
Available only at post offices, the KVP certificate can be purchased by an adult for himself or on behalf of a minor or by two adults. The minimum amount of KVP is Rs 1,000 while there is no maximum limit. There is a provision to transfer KVP from one person to another and from one post office to another. At the time of need, the KVP certificates may be encash anytime after 2 and half years from the date of purchasing it.

Currently, (July 1 to September 30, 2019) the KVP carries a return of 7.6 per cent compounded annually. Basically, the amount invested doubles in 112 months (9 years & 4 months) and interest along with capital is paid only on maturity.

8. Post Office Time Deposit Account (TD)
The time deposit (TD) in a post office is somewhat similar to a bank fixed deposit. While the time deposits in a post office are for 1, 2, 3 and 5 years, its only the 5-year TD that comes with section 80C tax benefit. There is no maximum limit but tax benefit is restricted to Rs 1.5 lakh each year. Interest earned is fully taxable and to be added to one's 'Income from other sources'. There's only the annual interest option as it does not allow monthly or cumulative option. In post offices with core-banking, when any TD account is matured, the same TD account will be automatically renewed for the period for which the account was initially opened. Currently, (July 1 to September 30, 2019) the interest rate on 5 year TD is 7.7 per cent per annum, payable annually but calculated quarterly. Even the 1, 2 and 3 year Time Deposit is offering a competitive return of 6.9 per cent as compared to bank FDs.

9. Senior Citizen Savings Scheme (SCSS)
SCSS is a popular investment option for those who are 60 years and above. An individual of the age of 55 years or more but less than 60 years who has retired on superannuation or under VRS can also open account subject to the condition that the account is opened within one month of receipt of retirement benefits and the amount should not exceed the amount of retirement benefits. SCSS is for a period of 5 year and more than one account may be opened, but the combined limit is capped at Rs 15 lakh.

Interest earned is fully taxable and to be added to one's 'Income from other sources'. SCSS suits senior citizens looking for high fixed rate of return and a regular income. After maturity, the account can be extended for further three years within one year of the maturity by giving application in a prescribed format. In such cases, the account can be closed at any time after expiry of one year of extension without any deduction. Currently, (July 1 to September 30, 2019) the interest rate on SCSS is 8.6 per cent per cent per annum, payable quarterly.

10. National Savings Certificate (NSC)
NSC requires only a lump sum payment for a period of five years and there is no need to pay further contributions. On maturity, a fixed amount is received which is known right at the time of investment. NSC is issued in denominations of Rs. 100, Rs. 500, Rs.1000, Rs.5000, Rs.10,000. The interest is fully taxable but importantly interest is re-invested for the initial four years and also qualifies for Section 80C benefit. Currently, (July 1 to September 30, 2019) the interest rate on NSC is 7.9 per cent per cent per annum, compounded annually and paid on maturity i.e. Rs 100 grows to Rs 146.9 3 after 5 years.

11. Pradhan Mantri Vaya VandanaYojana (PMVVY)
PMVVY suits retired individuals who are aged 60 years or more and need a regular income on their investment. The PMVVY is a ten-year pension scheme subsidised by the Government of India. The amount of investment made in the scheme is called the 'purchase price'. Depending on the pension option (monthly, quarterly, yearly), a fixed and assured pension begins as arrears i.e. start from the end of the chosen period.

The total amount of pension or the purchase price under all the PMVVY policies allowed to a family cannot exceed Rs 1.2 lakh per annum (Rs.10, 000 Pension per month) or Rs 15 lakh respectively. The scheme can be purchased offline as well as online from the LIC website only as it is only available with LIC till 31st March 2020. Currently, PMVVY offers a guaranteed rate of return of 8 per cent per annum for ten years, with an option to opt for pension on a monthly or quarterly or half-yearly or annual income.

12. Bank fixed deposit
Bank fixed deposits have always been a popular source of regular income. Depending on the bank and tenure, currently, the interest rate is between 6 and 9 per cent. Each depositor of a registered insured bank including commercial banks, scheduled banks and Small Finance Banks are insured up to a maximum of Rs.1 lakh for all bank deposits, such as saving, fixed, current, recurring deposits under the Deposit Insurance and Credit Guarantee Corporation Act, 1961. Although, there's an implicit guarantee, it's better to diversify across banks also to avoid TDS if the amount of investment is high. The downside of bank FD is that it has low post-tax inflation-adjusted returns. Bank FDs, therefore, best serves as capital preservation investment. Currently, depending on the bank and tenure, the interest rate is between 6 per cent and 9 per cent in bank FDs.

13. Immediate Annuities
One may consider the Immediate Annuity schemes of life insurance companies. Being regulated by IRDAI, a government body and as insurers need to maintain adequate solvency margins even though there is no government guarantee, they can be considered reasonably safe. LIC is the only PSU insurer in the life insurance industry.

They suit those who wish to have a regular source of income till lifetime no matter which way the interest rate moves. Immediate Annuity scheme can provide a regular base-level income and therefore one may consider some portion of the savings into it. There are about 7-10 different pension options, including pension for a lifetime for self, after death to spouse and post that the return of corpus to heirs.

The Immediate Annuity schemes may not suit an investor who is capable of selecting and building his own portfolio. For them, it is better to diversify across different investments and manage by oneself. Currently, the pension or the annuity is around 5-6 per cent per annum and is entirely taxable as per one's income slab.

Conclusion

Remember, if you are for the long haul into equities, these episodes of continuous slide of the market indices need not trouble you. In fact, for SIP investors, such downtrends help in accumulating mutual fund units at a lower price, thus averaging the overall cost of equity investment. Yes, three things are important – Firstly, ensure your asset allocation towards debt and equity is managed well, and secondly, you pick the right MF scheme based on its portfolio, market-capitalization and consistency of performance over the long term. This will ensure you not only diversify across assets but also across market-caps and sectors. When the road to your goal is far away, you don't need to predict or take chances, rather be well diversified. And, lastly, have a de-risk strategy in place by shifting accumulated funds from equities to the debt assets at least three years before reaching your goal.

(The writer is Sunil Dhawan.)

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IRDAI CIRCULARS

Updated list of Re-insurers is available on IRDAI website.

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List of foreign reinsurers branch, Lloyd's India and Lloyd's India Service companies in India as on 05-08-2019 is available on IRDAI website.

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IRDAI issued circular regarding guidelines on insurance claims of victims of recent floods (August 2019) in parts of Karnataka.

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IRDAI issued circular regarding guidelines on insurance claims of victims of recent floods (August 2019) in parts of Maharashtra.

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IRDAI issued notification regarding (Insurance Services by Common Public Service Centers) Regulations, 2019.

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List of corporate agents registered with the authority as on 31st July 2019 is available on IRDAI website.

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Notification regarding Insurance Regulatory and Development Authority of India (Registration of Insurance Marketing Firm) is available on IRDAI website.

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IRDAI issued circular regarding Withdrawal of Instructions issued on reporting of payouts to Insurance Agents and Insurance Intermediaries.

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GLOBAL NEWS

China: InsurTech offers vital insurance industry infrastructure - Asia Insurance Review

Almost all respondents in a survey on InsurTech believe that insurance technology offers important infrastructure or support for the future development of the insurance industry. Among interviewees, 68% believe that InsurTech offers important infrastructure for the future development of the industry; and 30% of interviewees, mainly those from traditional insurance companies, believe that InsurTech offers important support but is not a decisive factor for future development. Only 2% of respondents indicated that InsurTech had little impact or importance.

These findings are published in the report “InsurTech: Infrastructure for New Insurance” produced jointly by ZhongAn Fintech Institute and KPMG China. They conducted a survey of approximately 200 industry professionals who hailed from various industry institutions, including traditional insurance companies, Internet insurance companies, Internet companies, technology companies, and university research institutions. The departments from which the interviewees came included marketing departments, actuarial departments, product departments, financial departments, investment departments, and underwriting and claims departments.

Technology type
The survey found that 93% and 87% of interviewees respectively believe that big data and artificial intelligence will have a great impact on the future development of the insurance industry. AI, in particular, is beginning to flourish and is creating a great imagination space for technology oriented development in the industry. Nearly 90% of interviewees regard it as the second most impactful technology affecting the industry.

Additionally, more than half of interviewees indicated that cloud computing, biomedical technology, block chain, and the Internet of Things will have a great impact. However, compared to other technologies, the number of interviewees who think that 5G will have a big impact was relatively small.

Processes
In terms of industry processes, interviewees generally indicated that all value chain processes would be changed by technology to various degrees. Specifically, the views are:

- 87% said marketing and channels would be impacted,
- 81% said the claims process would be impacted,
- 81% said the product design process would be impacted, 79% said the underwriting process would be impacted,
- 77% said the customer service process would be impacted,

- 75% said the pricing process would be impacted.

These results are fairly consistent with current technology utilisation levels in the insurance industry.

ZhongAn, an online-only InsurTech firm, listed on the Hong Kong Stock Exchange, is seeking to position itself as a global provider of insurance but geopolitical reverberations, and rapid changes in technology including AI, big data and fragmented regulatory environment, are currently a significant hurdle.

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China: Rules rolled out for insurers' asset & liability management - Asia Insurance Review

China will see strengthened management and supervision of insurance assets and liabilities, according to interim measures issued by the banking and insurance regulator.

The measures were released to improve regulation of insurance assets and liabilities management, the CBIRC said on its website.

Under risk preferences and other constraints, insurance companies shall continuously formulate, execute, monitor and improve relevant strategies for assets and liabilities, according to the measures.

The CBIRC shall establish a regular analysis mechanism for asset-liability management supervision and implement differential supervision policies and measures based on verified evaluation results.

Implementation of the interim measures will encourage insurance companies to improve their ability in asset-liability management, and prevent the risk of asset-liability mismatch, the CBIRC said.

The measures will guide the industry's transformation and prudent asset allocation, promoting high-quality development of the insurance industry.

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Bangladesh: 25 non-life insurers post higher earnings for 1H - Asia Insurance Review

Earnings per share (EPS) of 25 listed non-life insurance companies in Bangladesh out of a total of 35 increased during the first six months of 2019 compared to the same period of the previous year.

Stakeholders cite clients' increasing confidence in insurers, reduction in operational costs and rising bank interest rates as major reasons for profit surge, reported Dhaka Tribune.

Ten insurance companies registered negative growth in the same period, according to the unaudited disclosures of the companies posted on the website of Dhaka Stock Exchange (DSE).

Currently the bourses have 47 listed insurance companies, including the 35 non-life companies. The rest 12 are life insurance companies.

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South Asia: Pakistan accounts for 50% of region's takaful business - Asia Insurance Review

The takaful sector in Pakistan in recent years has increased its market share due to greater consumer acceptability and the entry of conventional insurers into the sector as window takaful operators, says the "Islamic Financial Services Industry Stability Report 2019" released last week by Kuala Lumpur-based Islamic Financial Services Board (IFSB).

Strong growth is recorded in the family segments, that are a reflection of the improving political and economic environment, tax incentives, adoption of modern distribution channels, innovative products and wider use oftechnology, adds the report.

There are five full-fledged takaful operators (i.e. two family and three general) currently operating in Pakistan.

In Pakistan, the aggregate contributions from both family and general business grew by 14% - to $195m- in 2017, accounting for almost half of the South Asian region's total contributions. Family takaful showed growth of 18% in 2017, accounting for more than two-thirds of the total contributions.

The total takaful contribution in the South Asian region expanded by 17.4% - to $225.77m - in 2017, from $192.4m in 2016, accounting for 0.9% of the global contributions. Countries in the South Asian region include Bangladesh, Pakistan and Sri Lanka.

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Singapore: Life insurance industry records declining sales amid subdued economy - Asia Insurance Review

In the midst of global market uncertainty and economic slowdown, Singapore's life insurance industry saw a significant 2% drop in weighted new business premiums for 1H2019 from the corresponding period in 2018 according to results released by the Life Insurance Association, Singapore (LIA).

In regards to weighed new business premiums, 1H2019 recorded a total of S$1.97bn ($1.43bn) while 1H2018 posted S$2.02bn. The figures measure premiums collected on new policies by adding up 10% single premium insurance, 100% annual premium insurance and adjusted premium for insurance with premium payment durations of less than 10 years.

At the same time, the uptake of single premium policies continued downwards from the previous quarter with a 22% decline recorded on a year-on-year basis. LIA also highlighted how par products continue to grow, although there is a drop in the uptake of investment-linked plans.

However, annual premium policies recorded robust growth with a 7% increase from the same period last year, amounting to S$1.44bn in total weighted annual premiums. A sizeable proportion of this amount was from bancassurance as LIA notes that policies taken up through bank representatives generally have higher premium value compared to tied agents.

“The good thing is that the annual premium (policies) continued to show growth even if it is in the first six months,” said LIA president and Great Eastern Life Assurance group CEO Khor Hock Seng during a media briefing yesterday.

Outlining the 1H2019 results, LIA deputy president and Aviva CEO Nishit Majumdar said that in terms of distribution channels, banks are doing well and online direct channels, which are a relatively new distribution channel, will see further growth even though online has started with a modest contribution of 1.7% of the total sum assured.

When it comes to healthcare protection, Mr Majmudar noted that 60,000 more Singaporeans and permanent residents are now being covered by Integrated Shield Plans as at 30 June 2019.

In line with the increasing ageing population in Singapore, the association also notes that retirement policies continue to be popular, with a year-on-year 78% increase in the uptake of retirement policies, totalling S$236m in weighted premiums for 1H2019.

Bridging protection gaps

According to LIA, the steady growth in annual premium products focused on long-term protection augurs well in helping to narrow the protection gaps in Singapore.

"Our priority is on bridging the protection gap so LIA will be launching the protection gap calculator as a standard (tool) for consumers to find out more about their protection needs based on their life stage, number of dependants and financial portfolio," said Mr Khor.

He said that the calculator will be introduced probably in September/October and is one of the numerous initiatives to be launched by the industry. Other initiatives include proactive public education efforts and introducing more innovative and accessible protection plans.

Outlook for FY2019

When asked on his FY19 outlook for the industry, MrKhor said that it would not be possible to forecast if the industry will slow down as the business environment is challenging and the life insurance industry maintains a conservative outlook for the rest of the year.

Despite that, LIA will continue efforts, particularly in workforce transformation, driving innovations to support industry growth and bridging the mortality and critical illness protection gaps.

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Singapore: Insurers to share data in proposed changes to work injury compensation law - Asia Insurance Review

The Ministry of Manpower (MOM) yesterday tabled the Work Injury Compensation (WIC) Bill 2019 for its first reading in Parliament that would among other things, require designated WIC insurers to share policy and claims data with MOM and other designated insurers. This will provide insurers with a complete picture of employers' claims history.

Designated WIC insurers will also be allowed to validate the aggregated workforce and payroll data as declared by companies.

These measures relating to data are aimed at facilitating accurate premium pricing, says MOM.

Overall, under the proposed amendments to the WIC Act (WICA), employees will benefit through the expansion of insurance coverage. Employers will benefit from greater assurance of buying policies that meet WICA requirements, and from enhanced recourse to fraudulent claims. In addition, faster and simpler work injury claims processes will be established, to benefit both employees and employers.

The WIC Bill 2019 and the proposed amendments to its subsidiary legislation aim to:
1.Enhance protection of injured employees by:

- Expanding compulsory WIC insurance coverage (by extending compulsory insurance to non-manual employees, regardless of where they work)
- Expanding scope of compensation
- Ensuring proper assessment of work injuries
- Updating WICA compensation limits.
- 2.Enhance protection of the employer's interest by:
- Designating WIC insurers to sell WICA-compliant policies and process claims
- Facilitating accurate premium pricing
- Safeguarding against fraud or error
- Improving claims processing.
- 3. Enhance deterrence against WICA contraventions by:
- Increasing penalties for WICA offences
- Introducing new penalties.

The proposed changes to the WICA are part of MOM's regular review of the Act to ensure that it remains fair and expeditious for both employees and employers. The second reading of the WIC Bill 2019 will be tabled at the next Parliament sitting in September 2019.

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Philippines: Insurers to lobby against hike in capital requirement - Asia Insurance Review

The Philippine Life Insurance Association (PLIA) has revealed that it will be working with the Philippine Insurers and Reinsurers Association of the Philippines (PIRA) in getting regulators to keep the capital requirement for insurance companies at PHP900m ($17.3m).

Under the insurance code of the Philippines, new insurance industry players are required to have PHP1bn in paid-up capital, while existing insurance companies need a paid-up capital of PHP550m by December 2016, PHP900m by December 2019 and PHP1.3bn by December 2022.

PLIA president Hans Loozekoot, who is also the president and CEO of Troo Corp, said, "One of the things we want to raise again is capital requirements where we feel, together with PIRA, [that] PHP900m should be kept and not further increased to PHP1.3bn."

Keeping the capital requirement at PHP900m would allow insurers to invest more funds in other things like digitisation of insurance processes, among others, reported Business Mirror. Mr Loozekoot said, "I think PHP900m is probably enough to support business and to give confidence to stakeholders that we are strongly capitalised to have a buffer for our obligations to policyholders.

We feel that we should not necessarily be under a stricter regime than other countries in ASEAN. You want to still be able to compete," he said.On the collaboration with PIRA, he also said that discussions on the capital requirement will be reported to the Insurance Commission.

"We will enter into a dialogue with the different parties involved and see where we end up," he added. As PLIA president, he sees most life insurance companies in the country as able to comply with—or may have already met—the PHP900m capital requirement this year.

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Source

Japan:Premium rates for auto insurance set to increase by 3% - Asia Insurance Review

Major non-life insurers in Japan are planning to increase automobile insurance premiums by about 3% in January next year, reported local news agency Jiji Press citing industry sources.

This move comes about as automobile repair costs are set to rise with the increase of consumption tax in October. At the same time, the increased use of automatic brakes and other driving support systems have brought about a wider adoption of expensive car parts.

Another factor driving this move is the implementation of the revised civil code next April, which will increase the levels of compensation required for accidents which result in injury or death.

Under the revised code, the statutory interest rate will also be lowered from the current 5% to 3%. In Japan, compensation for victims of traffic accidents is determined by discounting the victims' potential income by the statutory interest rate. This means the amount of compensation will increase when the rate is lowered.

Commenting on this move, Moody's Japan VP-senior analyst SoichiroMakimoto said, "The decision to raise premium rates is therefore credit positive as it will help cover the higher claim costs. Overall, for auto insurance in general, profitability has been good over the last five years, which supports the overall profitability of major Japanese P&C insurers."

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Source

Thai insurance premiums dip for first time in 15 years - Insurance Business Asia – 6th August 2019

Thailand's life insurance premiums in the first half of 2019 fell by 6% year-on-year, for the first time in 15 years.

Total premium income was THB296 million (US$9.63 million) from January to June, while new premiums were at THB84 million (US$2.73 million), down 8% year-on-year. Renewal premiums, on the other hand totalled THB212 million (US$6.9 million), or 5% lower than the same period last year.

The Thai Life Assurance Association (TLAA) attributed the dip to economic slowdown and regulatory changes, the *Bangkok Post* reported.

"This was the first time the industry posted a fall [in total insurance premiums] in an environment where prolonged low interest rates made endowment insurance policies prone to higher risks," said Nusara Banya tpiyaphod, TLAA president.

According to Banya tpiyaphod, aside from slowing growth of the Thai economy, the insurance sector is undergoing several regulatory changes, such as new rules governing the bancassurance distribution channel, as well as new accounting standards – IFRS 9, IFRS 17 and Risk-Based Capital II. Fraud losses also affect investors' confidence in insurance products, she added.

On the brighter side, Thailand's insurance penetration rate improved by 3.9% in the first half of 2019.

The TLAA has revised its forecast for the industry's full-year performance, with premium growth predicted to remain flat or decline up to 3%. As a result, many insurers are expected to sell single-premium products more conservatively, the report said.

Insurance agents remained the most popular distribution channel, with 48.7% of sales. Bancassurance was second with 43.4%, with online sales and direct marketing in the single digits at 5.5% and 2.5% respectively, according to TLAA data.

(The writer is Gabriel Olano.)

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