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QUOTE OF THE WEEK

"Our attitude toward life determines life's attitude towards us."

John N. Mitchell

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INSURANCE TERM FOR THE WEEK

Blanket Crime Policy

A blanket crime policy is an insurance policy that protects against various types of losses that come as a result of crime. It is frequently purchased by businesses and can protect against a variety of perils, including employee theft, forgery, and accidentally accepting counterfeit money.

Crime can be very costly for businesses, and blanket crime policies can protect against crime-related losses. However, it has become more common for businesses to purchase commercial crime coverage instead. Commercial crime coverage is a very similar type of insurance policy, but it is structured differently.

INSURANCE INDUSTRY

Budget expectations: Insurance sector seeks additional deductions and lower GST - Business Today – 14th January 2022

Insurance remains one of the indispensable parts of your portfolio, especially during the testing times of COVID-19. It not only provides financial cushion at the time of need but also offers tax benefits incentivising more people to safeguard their families. As the Budget day approaches on February 1, 2022, here are some of the pre-Budget expectations from the leading voices of the insurance sector:

Prashant Tripathy, MD & CEO, Max Life Insurance
Life insurance is a critical component in ensuring the nation's financial protection apart from fueling the growth of the economy. Concerning the upcoming Budget, impactful tax relief measures can result in higher life insurance uptake across the country. Firstly, there is a need to introduce parity between annuity/pension products issued by life insurance companies, NPS and other saving products. This can be done in two ways - in the case of pay-out under pension/ annuity policies, only the accretion amount should be taxed once the payment crosses the principal amount invested by the policyholders. Furthermore, an additional deduction of Rs. 50,000 available in case of contribution towards NPS should also be allowed for annuity and pension plans of life insurance companies. This will allow for greater adoption of pension/retirement products. Secondly, term policies are universally recognised as the lowest cost option to create security for the family members and dependents. Therefore, introducing separate tax benefits for term insurance outside 80C will help increase the penetration, which is essential in these financially challenging times. Alongside, today the Indian insurance sector is working towards two critical underpenetrated areas - protection and retirement, and hence, there is a need to promote it through tax incentives.

Anup Rau, MD & CEO, Future Generali India Insurance
The lessons learnt from the COVID-19 pandemic underline that capitalising on health is no longer optional. Stable, equitable, thriving, and peaceful societies and economies are only possible when no one is left behind. This crisis has presented an opportunity to prioritise and bring forth structural changes that benefit the population. To further give a boost to health insurance and its deeper penetration in the country, I urge the government to consider the below:

GST Reduction from 18 to 5 per cent: In the order of needs, protecting health is of utmost importance, and due to the looming pandemic, health insurance is more relevant than ever. Health insurance is an essential commodity and needs to be slotted in the 5 per cent GST tax slab to make it more affordable to access quality healthcare. A significant reduction in the GST on all personal lines of products-from the existing 18 to 5 per cent will encourage more people to buy health insurance. For senior citizens, it should be exempted.

Increasing the limit for health insurance under section 80D: The increase in tax deduction limit in Section 80D of the Income Tax Act can further help in penetration of health insurance. Under Section 80D, an individual can claim up to Rs. 25,000 deduction for self and family. This limit should be increased to Rs. 1,50,000. The rising medical costs and the increase in the incidence of critical illnesses make it an unmanageable expense for middle-income and lower-income groups. So, a higher tax deduction limit for health insurance plans is the need. Small ticket insurance products: Given the under-penetration of insurance in India and the need to bring a wider gamut of population under the safety net, small ticket size insurance products like micro-insurance, sachet products, etc. can be exempted from GST. This will provide added boost to these products by making them affordable thereby enabling the population to get exposed to low-cost insurance products and appreciate their value better.

Akhil Chandna, Partner at Grant Thornton Bharat
An increase in deduction for medical insurance premium to incentivise wider coverage for medical insurance and increase in the overall deduction for specified investments under section 80C would go a long way in boosting disposable income for the individual taxpayers who are one of the major contributors to government's direct tax revenues.

Suvendu Prusty, Co-founder and Director, Riskcovry
In India, the insurance has deep rooted history which has witnessed an impressive growth rate over the last two decades driven by important government initiatives, strong democratic factors, conducive regulatory environment, increased partnerships, product innovations, and vibrant distribution channels. The recent pandemic and natural calamities have emphasised the importance of healthcare and home insurance on the economy, and the need to increase insurance penetration and density in India. One way of ensuring this is by making health and home insurance mandatory for families with a household income of more than Rs 10 lakhs. In addition to this, exclusion of GST on health and home insurance premiums; along with an extension in deduction for premium paid for home insurance under income tax regulations will reduce financial burden on citizens as well as the Government.

Yashish Dahiya, CEO & Chairman, PB Fintech
Tax exemption has greatly benefitted the insurance industry by acting as a catalyst to opt for insurance, and also by providing far-reaching awareness. However, as insurance still continues to be under-penetrated in India, the key recommendation would be to focus on initiatives that ensure a higher adoption of insurance. This is all the more vital in these COVID times that have propelled the need for insurance like never before. From the budget perspective, promoting pure risk products by increasing the tax deduction limit for health insurance products and introducing a separate deduction for term insurance products could be a positive stride in this direction. We recommend a separate deduction of Rs 50,000 from taxable income over and above the maximum limit of Rs 1,50,000 to be introduced for pure term insurance under section 80CCE. Other pivotal areas should be around flexibility in pension products by introducing separate deductions for them and making annuity income earned from these products tax-free. The overall motive is to make insurance products greatly accessible as well as cost-effective for everyone.

Srinath Mukherji, Co-Founder, SANA Insurance Brokers Pvt. Ltd.
Reduce GST on health insurance, since medical services have either Nil GST or at a lower rate. It is a disincentive for the customer to take much needed health insurance. That amount could instead be utilized for buying higher coverage, thus getting full value for money and making health insurance more affordable for buyers.

(The writer is Teena Jain Kaushal.)

TOP

Top insurtech trends to look forward to in 2022 – CNBC – 11TH January 2022

The COVID-19 pandemic has impacted the healthcare and insurtech arenas in an unprecedented manner. In some ways, it has merely exacerbated certain existing challenges, such as the absence of seamless access to patient health records—which automation can solve, while, in others, irrevocable changes have been introduced, such as our burgeoning dependence on artificial intelligence (AI) enabled monitoring gadgets as the first step to preventive healthcare.

It is small wonder then that health insurance has exited the pile of optional annual expenses and landed at the top of the necessary expenses list now. In fact, as per India's 2021 annual budget, our healthcare expenditure was approximately 1.2 percent of the GDP, and this marketshare is projected to grow three-fold to about Rs. 8.6 trillion by 2022. Since 2020, technology firms have also been enabling insurers to adapt better to the curveballs thrown at them by COVID-19 and its ramifications.

Here's looking at some of the key trends foreseen to affect the arena in 2022:

Seamless patient experience brought about by digitisation and automation
During the pandemic, telemedicine was endorsed as the consultation of choice since it ensured cost and time effectiveness, and guaranteed safety.

The government too launched the eSanjeevani telemedicine service in September 2021, which, in a short span of three months, has offered over 12 million teleconsultations. Such remote medicare is so convenient, especially for the mature or co-morbid population, that it's unlikely that they are returning to OPD consultations anytime soon.

Hence, digitisation of patient health records led by automation is necessary to offer insurers access to the necessary data at the click of a button and provide a wholesome client experience across multiple platforms, in a way never possible before. This seamless experience, a gift of automation, will be a trend to watch out for in 2022.

Growing demand for insurance-on-the-go facilities
The arrival of Omicron just as the world was preparing to put the pandemic behind is a clear indicator of just how deep the virus's reach might be. And this understanding will help insurtech firms accelerate the change to digital transformation sooner than later. Apps deployed henceforth will need to improve upon the core competencies of insurers by offering customers easier insurance purchase and service options, and be the first AI point of contact for them. Competent virtual assistants and chatbots will be important going forward.

SaaS to the rescue
At the peak of the pandemic, the industry observed AI leading the war on diverse fronts such as infection screening and detection, and facial recognition without the removal of masks, among others. Take the example of the BlueDot app. A trailblazer in the early days of the pandemic, this proprietary software-as-a-service (SaaS) published the original study about the global reach of the virus by checking more than 100,000 media sources in above 65 languages every day to determine in real time its true extent—a feat beyond imaginable human abilities. Similar feats will continue to be performed by software in the insurtech area.

Machine learning offers speed and efficiency
Then there're several kinds of AI-fuelled thermal screening methods such as infrared thermometers that aid classification of people by their high or low body temperatures without personal contact. This's a big step in identifying symptomatic individuals without endangering care providers.

Likewise, during the process of vaccine development, machine learning (ML) offered answers at a speed and efficiency that's impossible for humans to match. Immunologists have been heavily aided by ML in all areas, and this trend is only going to grow for prompt scientific advancements.

Facial Recognition Technology lends a hand
There's also the case of deep learning-based Facial Recognition Technology that can help identify masked individuals with the highest accuracy rates possible. In this fashion, AI affords detection and identification necessary for accurate results, without the intervention of human error or danger.

From legacy to cloud technology
Most insurers are borne down by legacy technologies and they realise an upgrade to cloud technology is overdue. This shift will enable firms to become quick at delivering new, personalised products and also better user experience. This is because clouds are adept at sorting large data sets and making sense of them, and mining results right back to insurers. As infrastructures evolve worldwide, cloud-first firms will be in better positions to work flawlessly.

The inroads digital technologies have made into healthcare have deeply impacted its future and the subsequent future trends. So, the truth is out in the open—insurtech startups are lending a much-needed hand to insurers and going forward the insights of the former are going to be valued even more by the industry.

TOP

Budget 2022 must boost insurance penetration and cut tax anomalies – Moneycontrol – 8th January 2022

The COVID-19 pandemic has impacted every walk of life and business, and has brought in an unprecedented level of uncertainty. Insurance, by its sheer nature, has provided relief and certainty in many critical aspects, such as health and death risk. A well-insured society creates lesser financial support strain on government finances, thereby keeping its unplanned expenditure and budget planning process more stable.

However, the overall insurance penetration in India is low at 4.2 percent of the Gross Domestic Product (GDP), compared to a global average of 7 percent. The non-life insurance penetration stood at barely 1 percent as of March, according to the IRDAI Annual Report for 2020-21. Given this, it is expected that the government take concrete steps to support higher insurance penetration in the upcoming Union Budget.

Affordable Insurance
Based on data collated from various sources, since the beginning of the pandemic general insurers and standalone health insurance companies have settled over 2.4 million claims for COVID-19-related treatments, amounting to over Rs 22,150 crore, till December 2021.

Following this unprecedented claims pay-out, and changes in risk perception, insurance premiums have gone up significantly for health and term life policies. In addition to this, a higher incidence of tax, coupled with high a medical inflation of 7-7.5 percent is questioning the affordability of insurance products, particularly on the health side.

To further boost insurance penetration, and make it affordable, the government should consider addressing some long-standing tax anomalies on health and term life insurance products in the upcoming Budget. GST on insurance: A majority of the medical, hospital, and consulting services are exempt from GST, whereas an 18 percent GST is applicable for health insurance. There is a strong rationale for the government to encourage the use of insurance as a medium to protect the citizens, and remove or lower GST to say 5 percent on health insurance premiums.

Stamp duty: In the case of term life insurance, in addition to the 18 percent GST, stamp duty is also levied, which is a double whammy on policyholders. The stamp duty is charged on the total sum insured, and not on the total premium. Stamp duty needs to be exempted on term life insurance policies which are pure risk products and not investment products. Input credit: Currently, employers who have been providing group health insurance programmes cannot claim the input credit for the GST paid. A GST-registered business should be allowed to claim an input tax credit for the GST paid on group health insurance policies.

Higher income tax relief: When it comes to health insurances, the government should consider enhancing the current limit under Section 80D (Medical) of Income Tax relief to a meaningful Rs 100,000 to improve the product penetration, and support the policyholders.

Separate carve-out for life insurance: A separate section for life insurance should be provided, instead of clubbing it under Section 80C of the Income Tax Act as the qualifying amount is exhausted in most cases due to provident fund and investments in other financial instruments. This will help in overall market development, and better risk management for individuals, thereby providing a financial safety net for families.

Double taxation in reinsurance broking: Another anomaly in the tax system is double taxation of reinsurance brokerage, where the GST is paid on reinsurance premium, and again paid by the insurance broker on the reinsurance brokerage. This should be removed and tax treatment be made fair.

Roadmap
The government must provide a roadmap on the capital infusion where needed, and ownership structure for the four public sector general insurance companies: The New India Assurance Co Ltd, the National Insurance Co Ltd, The Oriental Insurance Co Ltd, and the United India Insurance Co Ltd.

NAT CAT protection
India is susceptible to multiple natural disasters of varying degrees. When a natural calamity strikes, it results in huge economic losses. With the majority of the assets damaged being uninsured, the burden of reconstruction, support, and relief largely fall on the government. Many countries such as Mexico, the Philippines, Myanmar, etc. have created government-sponsored pools and Cat Bond/sovereign schemes as insurance financing solutions for catastrophic risk, which keeps the budget expense and allocations less volatile.

In India, a beginning has to be made to plug these gaps. The government should consider insurance-based financing options for such incidents for vulnerable groups. Instruments such as catastrophic bonds or natural catastrophe pools will help the government save on unplanned relief expenses, which can be diverted to education, governance, health, welfare schemes, etc. Creating a natural catastrophe/pandemic pool will also reduce the volatility and uncertainty for the government in dealing with these big risks. This is the budget to make a beginning.

(The writer is Sanjay Kedia.)

TOP

INSURANCE REGULATION

Govt bats for loss-making insurers, seeks regulatory forbearance - The Economic Times – 11th January 2022

The government is in discussion with the insurance regulator Insurance Regulatory and Development Authority of India (IRDAI) seeking extension of special dispensation to the state-run general insurers for meeting solvency requirements. National Insurance Company Limited, Oriental Insurance Company

Limited and the United India Insurance Company Limited are loss-making insurers. In the last two years, the government has infused more than Rs 12,500 crore in these three companies. The regulator is concerned over the current financials of these firms and has sought more details from the government, said an official aware of the developments adding that the regulator is most likely to extend the forbearance. IRDAI has been headless since the last nine months, its last chairman Subhash C Khuntia stepped down in May 2021 on completion of his term.

As per, IRDAI all insurance companies need to maintain a surplus of 1.5 times the liabilities at all times. The solvency margin – the minimum margin of assets required by an insurer in excess of its liabilities – is like a bank's capital ratios. As per the latest available reports, United India solvency margin at end of September 2021 was 0.74%, while that of Oriental Insurance was 0.94%.

"The government has also issued directions to these insurers to further streamline their operations. We are hopeful that the regulator will extend the dispensation (for meeting solvency requirements) for next fiscal as well," the above quoted official said. Another executive aware of the developments said that the regulator wants to know if the government is ready to give capital to these loss-making firms. "An initial estimate had pegged the requirement at around Rs 5-6,00 crore," he said adding that the government may like to strengthen the firm which it intends to privatise in order to get better valuation.

Finance minister Nirmala Sitharaman had in the FY22 budget speech announced the government's intent to take up two public sector banks and one general insurance company for privatisation. The government has already notified the General Insurance Business (Nationalisation) Amendment Act which will allow the government to cut its stake in state-owned general insurers to below 51%. The government is yet to firm up the name of the entity that would be taken up for privatisation. The NITI Aayog has said to have recommended the name of United India Insurance to the Core Group of Secretaries on Disinvestment headed by the Cabinet Secretary.

(The writer is Dheeraj Tiwari.)

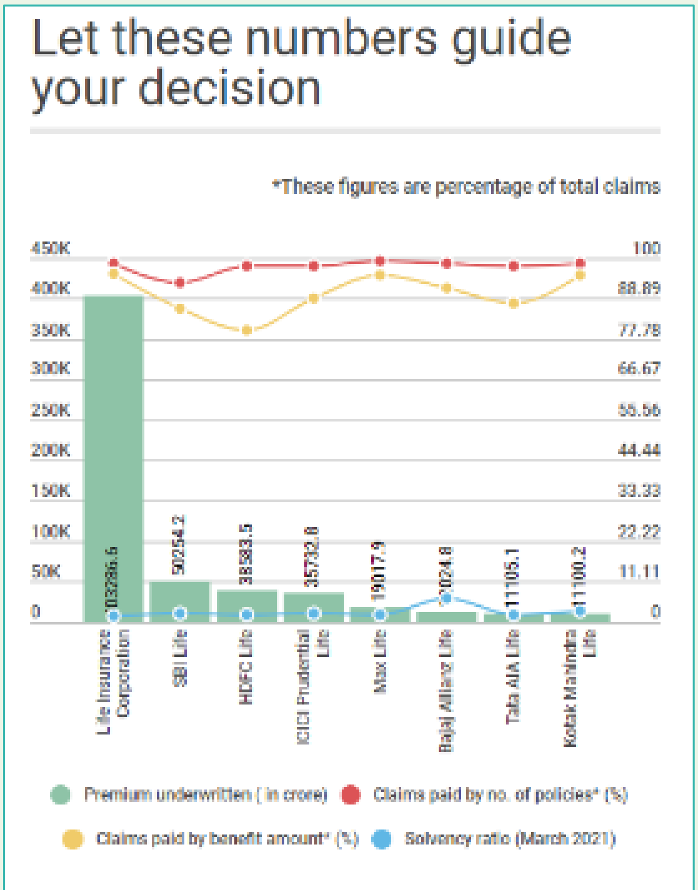
TOP

LIFE INSURANCE

Buying a term plan? Go by hard numbers while selecting a life insurer – Business Standard – 14th January 2022

Zeroing in on the right insurer when buying a term policy is not easy. A lot of hard-selling occurs. Agents highlight a variety of policy features that leave the buyer confused. However, the key quality that one looks for in a term policy is that it will pay out the claim when it arises, and do so without delay. By using a few performance-related metrics, which you can obtain from the Insurance and Regulatory Development Authority of India's (Irdai's) recently published annual report for 2020-21, you can quickly narrow down on the best insurers. The annual report contains figures on premium underwritten by life insurers in 2020-21 (statement three, page 131). "The size of premium collected demonstrates the company's popularity and the trust it enjoys among customers. It is better to go with a company that has a large reach and customer base," says Naval Goel, founder and chief executive officer, PolicyX.com. The claim on a term policy could be made 30-40 years later, so going with a larger brand is a safer bet.

The annual report also provides the solvency ratios of life insurers (statement 16, page 149). "This figure indicates the strength of an insurer's cash flows and its ability to meet its long- and short-term financial liabilities. This parameter should definitely be considered when selecting an insurer," says Goel. It will help you weed out the weaker players. This is a key metric when purchasing term insurance (statement 7, page 135-136). "A high claim settlement ratio gives buyers the confidence that the company doesn't reject a lot of claims or keep them pending," says Arnav Pandya, founder, Moneyeduschool. This ratio is available by number of policies and by benefit amount. Some insurers may have a high claim settlement ratio by number of policies but a lower figure for benefit amount. "When there is a large gap between these two figures, it indicates the company rejects a lot of the higher-value claims," says Deepesh Raghaw, founder, PersonalFinancePlan, a Securities and Exchange Board of India-registered investment advisor.



Source: IRDAI annual report 2020-21

Usually, payouts on term policies tend to be bigger than on traditional plans. Compare claim settlement ratios between insurers of a similar size. A small-sized insurer that pays out a limited number of claims annually will find it easier to notch up a higher claim settlement ratio. "The claim settlement ratio becomes truly reflective of a company's performance when the number of claims being made becomes large," says Raghaw. Data on aging of pending claims is also available. If a high percentage of claims are pending for a longer duration, that is problematic. It shows the company takes a lot of time in settling the claims that it holds up. The nominee may have to run from pillar to post to submit additional documents or meet other requirements. Remember that in case of policies that are more than three years old, insurers can't deny claims by saying the insured lied or provided false information at the time of purchase.

A delay also results in monetary loss for the nominee. If the claim on a high-value policy of, say, Rs 5 crore, is settled in six months instead of one, even factoring in just a 4 percent interest from a savings bank account, the nominee loses out on a considerable sum. Thereafter, you may compare premiums and also see whose policy offers features that meet your requirements. Finally, ask existing customers or a broker about the insurer's service quality before making the final choice.

(The writer is Sanjay Kumar Singh.)

TOP

Life insurance penetration now close to world average - Deccan Chronicle – 13th January 2022

Rising awareness about the importance of life insurance during the pandemic has helped improve India's life insurance penetration ratio from 2.8 per cent in FY20 to 3.2 per cent in FY21 and is now close to the world average of 3.35 per cent, said K. Ganesh, member (life), Insurance Regulatory and Development Authority of India (IRDAI).

Addressing a National Insurance Academy seminar virtually on Wednesday, Ganesh said the FY21 insurance penetration ratio of 3.2 per cent is by far the highest after the peak witnessed in 20092010 at 4.60 per cent.

"The total premium income in 2020-21 grew by 10 per cent, indicating robust performance in new business and renewal of life insurance policies. The claim settlement ratio moved up to 98 per cent while the life insurance penetration ratio moved up from 2.8 per cent in FY20 to 3.2 per cent in FY2021… and

the momentum is continuing. The growth in new business premium income was 7 per cent in December 2021, 8 per cent in the number of policies and 32 per cent in the number of lives covered compared to near zero growth seen in European countries such as the UK, Germany," said Ganesh.

Insurance penetration and density are two metrics, among others, often used to assess the level of development of the insurance sector in a country. While insurance penetration is measured as the percentage of insurance premium to GDP, insurance density is calculated as the ratio of premium to population (per capita premium). The Covid-led increased awareness about insurance will pave way for an increase in penetration in the insurance sector, noted the Irdai Annual Report 2020-2021.

The overall insurance penetration (life insurance and non-life insurance) increased from 3.76 per cent in 2019-20 to 4.20 per cent in 2020-21, registering a growth of 11.70 per cent. During the first decade of insurance liberalisation, the sector has reported an increase in penetration from 2.71 per cent in 2001-02 to 5.20 per cent in 2009-10. Since then the level of insurance penetration declined till 2014-15 due to decline in life cover penetration.

(The writer is Falaknaaz Syed.)

TOP

Your Money: Gradual shift of the retail life insurance market to private players - Financial Express – 11th January 2022

The life insurance industry maintained strong growth momentum in December 2021, with retail weighted received premium (RWRP) seeing 21.2% year-on-year (y-o-y) growth for the month, slowing down marginally from 26% (y-o-y) growth in Nov'21. A large part of this is attributable to the slow growth delivery of 6.2% in LIC's y-o-y RWRP in Dec'21 vs. 22% growth in Nov'21. YTD FY22, private sector RWRP grew strongly at 30% y-o-y vs. a muted 5% y-o-y for LIC.

The private sector's share in RWRP rose by 6.2ppts in two years due to the sustained divergence in growth of the sector vs. LIC. The developments in FY22 validate the long-term trend of a gradual shift of the retail life insurance market to private players with strong brand and distribution reach.

Private players maintain growth

Maintaining strong momentum, RWRP for private insurers increased by 29.4% y-o-y in Dec'21, leading to YTD FY22 RWRP growth of 30% y-o-y. On a two-year basis, the private sector delivered 10.6% CAGR, whereas LIC's RWRP declined at 3% CAGR. Growth driven by increased ticket size is reflected in the shift of product mix toward unit-linked insurance plans (Ulips) and non-par products. These factors corroborate the long-term trend of a gradual shift of the retail life insurance market to large private players with strong brand and a wide bancassurance network.

SBI Life saw a two-year CAGR of 11.6% in RWRP, higher than 10.6% for the private sector. With all its distribution engines firing and it being relatively immune from the reinsurance price hikes in protection, SBI Life is well-positioned to deliver strong, profitable growth over the coming years.

HDFC Life's two-year RWRP CAGR stood at 14.6%, better than the private sector average. RWRP growth seems to be driven by ticket size growth as well as the individual policy count growth this month, as the count grew 16.5% y-o-y.

Max Life reported strong RWRP growth of 23% y-o-y for YTD FY22. The relatively slow growth of Max Life in H1FY22 has been a cause of worry amid Bajaj Life continuing to report very strong growth post its tie-up with Axis Bank. The strong rebound in Max Life's growth addresses the concern and provides the much-needed comfort around the growth outlook of Max Life.

Private life insurers' market share consolidate

The top-four private players' share of private RWRP remained stable at 62% from a year ago. For the top 8 players (Top 4 + Tata AIA Life, Bajaj Allianz Life, Birla Sun Life and Kotak Mahindra Life Insurance), the market share in private RWRP was stable at 83%, despite sluggish growth for Kotak Mahindra Life and some acceleration for smaller bank-led insurers. Overall, the trend of market share consolidation toward bigger private life insurers continues.

LIC is struggling in retail segment

After the rebound in Nov'21, LIC's growth in retail in Dec'21 slowed, and was materially lower than the private sector. This sustained undergrowth by LIC has meant that it has consistently lost market share in retail. With its unchanged way of doing business over decades, LIC may lose its stronghold in the retail life segment, particularly in the high-ticket segment. With the bank channel increasingly becoming important for savings product distribution and digital channels becoming important for retail protection, LIC may witness turbulent times in terms of growth due to its heavy reliance on the agency-led distribution mix.

TOP

COVID-19 patients may have to wait 3 months before buying a life insurance cover – Business Today – 11th January 2022

Even after recovering from COVID-19 infection and having tested negative, buying life insurance may not be easy for many. This is because several insurance companies are back to resorting to a waiting period before issuing a new policy.

The cooling-off period starts after recovering from COVID-19 and ranges from 1 month to 3 months depending on hospitalisation or home quarantine conditions. COVID-19 cases with prolonged hospital stay have to face longer waiting period of 3 months compared to one month cooling-off period meant for customers with mild flu-like symptoms and home quarantine. Moreover, insurers have also started asking for additional tests in order to rule out medical complications before issuing a policy.

Sajja Praveen Chowdary-Head Term Life Insurance, Policybazaar.com, says, "India is in the midst of a third wave of COVID-19. For the past few weeks, cases have skyrocketed. Given the lack of clarity and uncertainty around the aftereffects of the Omicron variant, getting a term life insurance policy might take a bit more time for those who have recovered from COVID-19. A term life insurance policy covers your life for a huge amount for a very small premium and, in such policies, underwriters across the world have been cautious for ages now in case of any medical condition that has occurred in the 6 months preceding the application for a policy."

Experts say the waiting period gives time to assess any post-COVID-19 complications and, accordingly, make those declarations at the time of buying the policy.

Pre-COVID-19, the number of people who had any medical condition with themselves or family members in the past 6 months would have been small. But, given the way Omicron cases have been, this number has automatically moved up now.

"As a result, the proposal for term insurance gets into the zone of scrutiny where additional medical tests are asked for or might get postponed for 3 months. And as people are getting wary of stepping out of their homes due to COVID-19, it is understandable from their perspective that they don't wish to go out for medical tests or let someone come to their homes to collect samples. On the other hand, it becomes difficult for the insurance company to accept the risk and issue a policy without assessing the risk properly in the absence of fresh medical reports," Chowdary added.

(The writer is Teena Jain Kaushal.)

TOP

Life companies may see modest growth in Q3 on rising awareness post Covid – The Economic Times – 11th January 2022

Increased insurance awareness post-Covid will help life insurers record modest growth in new business, however, an uptick in insurance premiums due to higher reinsurance rates will limit sales. Analysts will also watch out for company guidance on provisions on Covid-related claims due to a surge in infections in the last few days.

General insurance companies will benefit from steady gains from motor and mortgage-linked premiums even as medical claims are expected to remain elevated due to increased hospitalisations, especially during the last quarter of 2021.

"Life insurers are well provided for and will continue to benefit from increased awareness for the need for insurance. Also, the fact that fatalities due to Covid are relatively less this time than the last is a saving grace for these companies. We may also see a move towards unit-linked plans and away from traditional policies because of the buoyancy in the stock market," said Manish Ostwal, senior analyst at Nirmal Bang Securities.

Elara Securities analysts Madhukar Ladha and Jenish Karia expect large private life insurers to post an annualised premium equivalent (APE) growth of between 6% and 9% in the third quarter ended December. APE is the sum of the regular annualised premium from new business plus 10% of the first single premium in a given period and is an indicator of business sales in life insurance. "The share of linked products may increase, led by improved confidence in the markets. Supply-side constraints and reinsurance rate hikes are likely to keep protection growth under check. Third-quarter absolute VNBs (value of new businesses) are estimated to improve with better group credit protection and higher volumes," Ladha and Karia said in a note.

Motilal Oswal expects premium growth to remain modest on slower recovery in demand for unit-linked plans and robust demand for annuity and guaranteed products. "Contrarily, protection demand is likely to remain subdued. SBI Life and Max Financial would post APE growth of 19%/14% YoY, while HDFC Life and ICICI Pru Life would see modest growth of 10% and 6%, respectively. We expect VNB margins to see slight moderation on a sequential basis," Motilal Oswal said.

Management commentary around the strength of Covid provisioning and individual protection growth will be watched closely. Ostwal expects claim pressure to continue to standalone health insurers as hospitalisation remains high. General insurers will however balance their claims from health with higher premiums from motor and mortgage insurance, he said. Elara expects the loss ratio in the health segment for general insurers to moderate and new premium growth to be muted at 7-9% year-on-year as new vehicle sales remained subdued.

(The writer is Joel Rebello.)

TOP

What leads to rejection of death claims in insurance – Outlook -11th January 2022

The life insurance industry settled an average of 97.56 per cent of the claims made on life insurance policies in financial year 2020-21, according to the latest report of the Insurance Regulatory and Authority of India (Irdai) that was released in December 2021. The claims settlement ratio went up from 96.76 per cent in 2019-2020, according to Irdai data.

Claims settlement ratio shows the number of claims payouts that were settled by a life insurance company every year as a percentage of the total number of claims it receives. The data does not reflect the life insurance claims raised after the second wave of Covid-19 as it started from April 2021.

Why Is It Important To Check Claims Settlement Ratio?

Typically, claims are raised on the death of the policyholder. Claims ratio shows how many claims did an insurer settle versus the claims received. In other words, the claims settlement ratio roughly shows the likelihood of an insurer to make the payout when a claim is raised.

The primary reason of buying a life insurance policy is to ensure the dependants get the sum assured or financial protection in the event of the policyholder's death. Therefore, finding out a life insurance company's track record when it comes to settling death claims becomes important.

It's also like checking the performance of an insurance company. "This past record of insurance companies helps future customers in identifying the service given by them so that they can select the right insurance firm to be their insurance partners and rest assured that their claims will also be settled without much trouble for their families or beneficiaries at the time of need," says Naval Goel, founder and CEO of PolicyX.com, an insurance web aggregator.

High Claims Settlement Ratio In FY21

During FY21, 21,836 claims were reported, out of which 21,304 claims were settled, an average claim settlement ratio of around 97 per cent, according to the (Irdai) report.

When the pandemic hit, Irdai had directed all life and health insurance companies to expedite the claim settlement process.

According to the report, Max Life Insurance came on top in settling claims with a ratio of 99.35 per cent. The insurer was on top even last year. Aegon Life Insurance and Bharati AXA Life Insurance came at second and third positions with ratios of 99.25 per cent and 99.05 per cent, respectively. India's largest insurer, Life Insurance Corp. of India, settled 98.62 per cent claims and took the fourth place in the list, up from the 16th position last year. Pramerica Life Insurance scored a ratio of 98.61 per cent and came fifth.

Why Are Death Claims Rejected?

There could be a couple of reasons behind the rejection of claims. The biggest reason is non-disclosure or wrongly stated facts. Sometimes people tend to forget or hide their health conditions that lead to death. This often leads to claim rejection.

"The basics of life insurance remain the same in any given situation that every customer should keep in mind i.e. never hide or forge the health details such as pre-existing diseases, habits like smoking or drinking at the time of buying life insurance so that there is no scope of misinformation," says Goel.

Other factors could be non-payment of premium, delay in filing the claim, not mentioning the nominee, wrongly filled claim form and etc.

It is also crucial to fill in the right nominee details so that your dependants do not struggle to get the claim. Mostly, the nominee needs to fill the claim settlement form carefully along with attaching the right policy documents and medical reports so that there is no delay or rejection.

(The writer is Meghna Maiti.)

TOP

Insurance: The New Investment Trend of 2022 – Financial Express – 10th January 2022

The year gone by has once again witnessed human resilience and their ability to bounce back from adversities. Across the globe, governments are helping their respective economies get back on track. Alongside, we too should re-look at rebuilding and cushioning our finances from any possible future shocks. After all, it is our ability to withstand tough times that has held us individually in good stead. And what better than a life insurance plan to secure lives and create value.

Saving For a rainy day: Minimalist living has emerged as a trend in various forms over the years. The recent pandemic has brought the spotlight back on it and most importantly on saving for exigencies. Indians are known for their saving habits. However, to make your savings work for you and grow on its own calls for some conscious choices. Depending on the quantum of your savings and your life stage, wisely choose the insurance plan that will help you secure for certainties in life.

Satiating Your Risk Appetite: When it comes to investments, one has a wide spectrum of avenues to choose from. While some may offer attractive returns, they also come with their own 'Conditions Apply' fine print. It would only be prudent to have a good look at your own risk appetite and your approach towards risks. For informed and market savvy participants, opting for the right Unit Linked Investment Plans (ULIPs) allows them to take calculated risks, manoeuvre the market, enjoy unlimited fund switches at no extra cost, and earn tax-free returns.

Specialty Insurance: Specialty insurance, which covers distinctive risks or unusual circumstances, continue to attract the interest of insurers and customers alike. This takes hyper-personalisation of insurance products to the next level. Protection plans are gaining popularity in recent times and soon enough they will command your wallet share too. Innovative variants of life insurance plans, such as Switch on – Switch off insurance, Sachet or Bite-sized insurance, and Customized insurance, could potentially open doors to numerous opportunities.

Seeking ROI: There is a fair amount of guidance available in the virtual world. The difficulty is that there is no 'One size for all' solution when it comes to personal finance and surely not in insurance. Solutions range from safest of them all to 'high-risk high returns' investments. However, investing in need-based insurance products to meet your life goals provides timely and adequate ROI on your investments.

Staying Invested: Long term investments coupled with the power of compounding deliver astonishing returns. However, short term priorities often take precedence over long term goals. It is therefore important to commit yourself to long-term investing once you have provided for your short-term goals and have built your contingency fund. Participating or 'With Profits' insurance plans may be a perfect fit here. In these plans, life insurers share a substantial portion of surplus generated with policyholders, thereby passing on a fair amount of upside if you stay invested over the policy term.

Something for the Sunset Years: When planning for your sunset years, you have a spectrum of options, such as government securities, postal deposits and other offerings from India Post. There is National Pension Fund (NPS), Public Provident Fund (PPF), Bank Fixed Deposits (FDs), and Senior Citizens' Savings Scheme (SCSS) as well. While these continue to give attractive returns with tax breaks available on some, the pre-tax return works out to be even better.

Pension products are one of the few options that cater to your financial needs throughout your and your spouse's life and still leave some lumpsum money for your children. Therefore, investing in the right insurance retirement and/or pension plans is one of the most effective modes to plan your finances for the sunset years.

When opting for an insurance plan, look for averaging your return, balancing it in favour of return-on-investment and safety that you feel comfortable with. Life insurance revolves around securing the certainties of life, rather than preparing for the uncertainties. Be it marriage, starting a family, higher education for self, children education, buying a house or retirement planning or any other financial goal, life insurance can be actively combined with other investments options to complete the picture.

Whatever your life goal, you need to plan and be prepared. Thanks to the various options available, you can choose from different forms of investments to help meet your life goals. Only you can make sure you are financially well prepared to welcome certainties of life with open arms.

(The writer is Kedar Patki.)

TOP

Life insurers' new biz premium income nearly flat at Rs 24,466 cr in Dec - Business Standard – 8th January 2022

Life insurers' collective new business premium income stayed nearly flat from a year ago at Rs 24,466.46 crore in December 2021, data from Irdai showed on Friday. The new business premium, or the first year premium, of 24 life insurance companies had stood at Rs 24,383.42 crore in December 2020.

IPO-bound insurance behemoth LIC, however, registered a 20.30 per cent dip in its new business premium to Rs 11,434.13 crore during the month under review, according to the Insurance Regulatory and Development Authority of India (Irdai) data. The country's largest and the only state-owned life insurer, LIC, had registered a new premium income of Rs 14,345.70 crore in the year-ago period.

TOP

Which insurance companies have more claim paying capacity in India? Find out – The Economic Times – 8th January 2022

When you buy a life insurance policy, you are entering into a contract with the insurer that you must pay regular premiums so that your beneficiaries can file and get financial assistance in the event of your untimely death. However, in order for the insurer to be able to give this financial protection, the company must be financially solid enough to pay you when you make a life insurance claim. To know if the insurer is financially strong, one should check for the solvency ratio of the insurance company as it is a vital thing to consider before buying insurance. The solvency ratio defines how good or bad an insurance company's financial situation is on defined solvency norms.

How is solvency ratio calculated?

According to Irdai guidelines, all companies are required to maintain a solvency ratio of 150% to minimise bankruptcy risk. Solvency ratio helps identify whether the company has enough financial buffer to settle all claims in extreme situations. Hence, it is a good indicator of an insurance company's financial capacity to meet both its short-term and long-term liabilities. The solvency margin is calculated by comparing a company's obligations to its current assets. To put it another way, the solvency ratio is computed by dividing a company's after-tax operating income by its debt liabilities.

SOLVENCY RATIO OF LIFE INSURERS (FY 2020-21)
Source: Irdai Annual Report 2020-21

S. No.	Insurer	June 2020	September 2020	December 2020	March 2021
	Private Sector Insurers				
1	Aditya Birla Sun Life Insurance Co. Ltd.	1.83	1.76	1.70	1.80
2	Aegon Life Insurance Co. Ltd.	2.34	2.92	2.68	2.41
3	Ageas Federal Life Insurance Co. Ltd.	3.29	3.32	3.48	3.40
4	Aviva Life Insurance Co. Ltd.	2.48	2.42	2.50	2.24
5	Bajaj Allianz Life Insurance Co. Ltd.	7.60	7.30	7.08	6.66
6	Bharti AXA Life Insurance Co. Ltd.	1.95	1.76	1.84	1.78
7	Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd.	3.49	3.12	2.89	3.27
8	Edelweiss Tokio Life Insurance Co Ltd	2.39	2.16	2.19	2.15
9	Exide Life Insurance Co. Ltd.	2.13	2.16	2.17	2.24
10	Future Generali India Life Insurance Co. Ltd.	1.72	1.56	1.60	2.03
11	HDFC Life Insurance Co. Ltd.	1.90	2.03	2.02	2.01
12	ICICI Prudential Life Insurance Co. Ltd.	2.05	2.06	2.26	2.17
13	IndiaFirst Life Insurance Co. Ltd.	1.80	1.78	1.67	1.81
14	Kotak Mahindra Life Insurance Co. Ltd.	3.00	3.00	3.01	2.90
15	Max Life Insurance Co. Ltd.	2.12	2.07	2.08	2.02
16	PNB MetLife India Insurance Co. Ltd.	2.04	1.97	1.94	1.90
17	Pramerica Life Insurance Co Ltd	3.87	4.20	4.29	4.42
18	Reliance Nippon Life Insurance Co. Ltd.	2.07	2.14	2.46	2.45
19	Sahara India Life Insurance Co. Ltd.	9.33	9.00	8.85	9.26
20	SBI Life Insurance Co. Ltd.	2.39	2.45	2.34	2.15
21	Shriram Life Insurance Co. Ltd.	2.09	2.18	1.95	1.80
22	Star Union Dai-ichi Life Insurance Co. Ltd.	2.53	2.37	2.27	2.06
23	TATA AIA Life Insurance Co. Ltd.	2.14	1.98	2.05	2.04
	Public Sector Insurer				
24	LIC of India	1.60	1.65	1.64	1.76

Why solvency ratio is important

The solvency ratio is one of the various important factors one should consider while buying an insurance policy. "Insurers receive hundreds of claims from their customers regularly. To process all these claims and pay the monetary benefit to the beneficiaries, the company needs to be financially stable and have adequate funds. The solvency ratio is a simple indicator to know how good or bad the financial strength of an insurer is. An insurer with a high solvency ratio has more chances of fulfilling its commitment of paying your beneficiary the sum assured in case of your demise," states the Aditya Birla Capital website.

"By reviewing the solvency ratio of a potential insurer, you can raise the likelihood of your claims being settled even before you purchase the life insurance policy. Moreover, the solvency ratio of an insurance company can be the crucial factor that helps you determine which life insurance plan is a superior option," Canara HSBC OBC Life Insurance stated on its website. This ratio is available on each insurer's website. Do make sure to finalise your insurance company after checking the solvency ratio.

(The writer is Sneha Kulkarni.)

TOP

What the hike in term insurance premiums means for policyholders – Moneycontrol – 7th January 2022

The awareness towards life and health could never have been more than it is today. A tectonic shift that continues to cut across classes, generations, and most importantly people's mindsets. In my view, the Indian insurance industry saw, maybe for the very first time, a proactive market pull towards protection solutions, primarily term plans. No longer are term plans viewed as base instruments to save taxes. All of us now are aware, and perhaps have experienced the huge cost one has to pay for ignoring adequate life insurance coverage.

However, this market opportunity was killed with the biggest irony. At a time when the country executed a drive where over 120 crore people were successfully vaccinated and the wave of health awareness was at an all-time high, the protection business couldn't have had a better opportunity for its penetration. But ironically, the industry was struck with premium hikes in the Term plans. The first round happened last year and today it is yet again bracing itself for a major rise. This is the result of the change in the reinsurance prices wherein the hike is set to be anywhere between 40-60 percent, basis the data of claims experience handled by the reinsurers.

Rising number of claims made it difficult for the reinsurers to offer term plans at older rates. In my view, this has come at a very inopportune time – as if the industry has to pay a severe price for a past that is killing the opportunity for the future. Lack of reinsurers in this market has made it difficult to share costs and is putting the very existence of this important financial solution in jeopardy. It is clear that today the life insurance industry needs more reinsurers to participate and make this product more competitive and easier for the customers to access.

What it means for customers

This price hike by reinsures means the companies will need to raise premium costs between 25 percent and 35 percent. And, in a price sensitive market like India, this would mean a major roadblock for individuals planning to buy a Term Plan. Moreover, there is another long-term impact. Assuming that the market rebalances, and prices come back to normal in a year or two, those who buy their plans post-hike will have to continue with the increased premium structure until policy maturity i.e., minimum 25 to 30 years. And waiting for the market prices to be reduced again might just increase one's risk manifold. But, whatever be the situation, not having a term plan for the next 1-2 years will be a major risk to take. So, worrying about the prices cannot be an option today. Given the uncertainties, a term plan is a must.

What it means for the life insurance industry

Let alone customers, this hike is no good news for the industry as well. Life insurers are fighting the biggest dilemma wherein they have to execute a fine balance between what can be passed on to the customers and what can be absorbed by the company. It will have two major impacts on the industry. First and foremost, in case the premiums do not go up, the hike will put margins under severe pressure and will impact profitability. Secondly, if the price hike is marginal, it will have a negative impact on both pricing and margins. Along with the price hike, life insurance companies have also witnessed an increase in the retention limit which will further put some pressure on future claims. Hence the irony! Without a clear line of sight on the long-term COVID-19 scenario, a higher retention book is a risky endeavor. Whereas the price hike will ruthlessly hack away potential business, in an otherwise fertile market space. In essence, a product that helped shore up margins will definitely question itself in the product strategy for all insurance companies, in view of the risks associated with the product.

What should customers' action plan be now?

Price hike is imminent. Therefore, if one has not bought a protection cover yet or has not reevaluated their coverage, the time to do so is now. If someone can still purchase a term plan at older rates, that is before the insurance company has increased its price, one should definitely opt for a suitable plan and lock-in premiums at older rates. After all, the threat of severe COVID-19 mutations still looms large and the uncertainty remains. To put it as plainly as possible, the need for a comprehensive protection cover with adequate sum assured has never been as necessary as it is today. So, irrespective of the price hike, it is only prudent to revisit one's financial portfolio and rejig it with a term plan.

(The writer is Kamlesh Rao.)

TOP

Insurance cover likely for traders under national retail trade policy – Business Standard – 10th January 2022

The Department for Promotion of Industry and Internal Trade (DPIIT) will soon start public consultation for a national retail trade policy, which is likely to include an insurance scheme aimed at providing financial protection against losses caused by theft, accidents or natural calamities. The policy will also spell out ways to give traders access to low-cost finance, promote digital inclusion, and create necessary infrastructure to support them, a senior government official told Business Standard.

This is expected to offer relief especially to traditional traders, who are facing stiff competition from large e-commerce players. The former have accused some of these foreign-funded behemoths of adopting illegal market practices. The policy is being rolled out at a time when the government is looking to dilute a set of proposed rules that sought to tighten regulations in the e-commerce space. According to a report prepared by the Confederation of Indian Industry (CII) and global consulting firm Kearney, retail is the third-largest sector in the Indian economy, with more than 12 per cent gross value contribution to gross domestic product. It employs more than 50 million workers.

"The (proposed) national retail trade policy aims to support and promote kirana stores and look into the welfare of traders in the country. We are looking at ways to reduce their compliance burden by cutting down the number of licences required to do business," the official cited above said. "Similar to an existing pension scheme, there could be an insurance policy to protect them against any accident, theft or any natural calamity. Easier access to credit and low-cost finance is equally important," the official said, pointing out that the implementation of such policies would ultimately have to be done by the Ministry of Finance.

While the Centre last year included wholesale and retail trade under the ambit of micro, small and medium enterprises (MSMEs) to help small traders become eligible for finance under priority sectors classified by the Reserve Bank of India, the official said a lot more needed to be done to help them get access to credit. Over the last few years, the government has announced a host of lending schemes, especially for small businesses, but these exclude retail traders. "The national retail trade policy is a facilitative policy and it should help in various aspects of internal trade in the country. The various requirements towards ease of doing business, women at workplace as well as financing of retail trade would be touched upon in the policy," said Kumar Rajagopalan, CEO, Retailers Association of India. Apart from coming with this policy, DPIIT is also spearheading the launch of Open Network Digital Commerce (ONDC) that aims to curb digital monopolies and benefit retail businesses.

(The writer is Shreya Nandi.)

TOP

Non-life insurance firms register 7% rise in gross premium at Rs 18,953 cr - Business Standard - 10th January 2022

The gross direct premium underwritten by non-life insurance companies grew by 7.3 per cent to Rs 18,953.09 crore in December 2021, data from Irdai showed on Monday. The non-life insurance companies had underwritten gross premium valuing at Rs 17,662.32 crore in December 2020.

In a break-up, the 24 general insurance companies had registered a gross premium of Rs 16,109.62 crore in December 2021, up by 4.2 per cent from Rs 15,463.51 crore in the year-ago period, as per data of the Insurance Regulatory and Development Authority of India (Irdai). The five standalone health insurance companies registered a 31.3 per cent rise in their gross underwritten premium at Rs 1,740.15 crore during the month, against Rs 1,325.03 crore a year ago.

The two specialised PSU insurers -- Agricultural Insurance Company of India Ltd and ECGC Ltd -- witnessed a 26.3 per cent increase in their gross premium at Rs 1,103.33 crore compared to Rs 873.78 crore, as per the data. On a cumulative basis, the gross premium underwritten by all the 31 non-life insurance companies registered an 11.18 per cent increase at Rs 1,61,081.60 crore during the April-December period of 2021-22. It stood at Rs 1,44,879.54 crore during the same period of 2020-21.

TOP

Things to keep in mind while buying home insurance – Live Mint – 10th January 2022

Owning a piece of property is just like a dream to many Indians. However, in all the excitement of buying the dream home, it's easy to overlook one of the most important aspects of homeownership—home insurance. A home insurance policy ensures that you stay financially stable in case of damage to your property or valuable possessions inside. Thus, it is always advisable to get your home insured. The task of choosing the right home insurance policy can be overwhelming for home buyers since there are multiple factors to consider. However, there are a few facets you must know about before selecting one. Understanding home insurance and its coverage. Home insurance is a type of property insurance that offers coverage from the unforeseen loss or damage caused to the house structure and its content. House owners (for their own house) and tenants residing in a rented house can buy home insurance coverage.

Rakesh Jain, chief executive officer, Reliance General Insurance Co. Ltd, said, "In India, there are two types of coverage available. Structure insurance covers losses arising from structural damage of the home from natural calamities such as earthquakes, floods. And content insurance covers the loss or damage of contents inside a house like electronics, jewellery, furniture etc." However, the coverage you need depends on a few factors. Also, these factors affect premium of the policy. Location of home: Your home location makes a big difference in determining what type of coverage you require. For instance, if your home is near the sea, you need protection for your electronic appliances that get easily damaged due to corrosion. Similarly, a natural calamity-prone region often gets affected by earthquakes, cyclones or floods. In that case, you need to ensure that structural and content damages are covered. Type of home: Insurance coverage changes depending on the home you are insuring. Be it an apartment, a plot, bungalow or a rental property, the coverage can differ from each other as there are different risk factors associated with every type of home. This way, the usage of your property decides its premium since the use of the building directly deals with the kind of risk that may be involved with the building. Generally, the premium is higher for commercial buildings like offices, factories or warehouses.

Age of property: If the building is old, apartments in those buildings are considered most susceptible to damages and losses. In such a case, the insurer can charge a high premium. For instance, damage due to fire eruption in your apartment because of short-circuiting in the old electric wiring could cost expensive repairs, and the building being old may need to be rebuilt again. Replacement value vs claim deduction: As per the replacement value cover, the insurer makes a payout that will be sufficient to replace the damaged objects with new ones. However, the insurer makes the payout in other options after deducting the depreciation. In this way, the latter type of home insurance policy costs are comparatively lesser.

According to online tax service provider Clear (formerly Cleartax), roughly 10 percent of taxpayers who utilized its portal for tax filing have opted for the new regime. Alternative personal income tax regime finds few takers Provide the correct information to your insurer: When you apply for insurance, it is imperative to provide accurate information about your property and the content inside. For instance, mentioning the level/floor of the property, exact buildup area, building/floor plan, number of white goods, details of valuables including jewellery will allow the insurer to assess the right coverage for your home insurance and offer the best protection. Providing incorrect or misleading information can lead to distress during a claim.

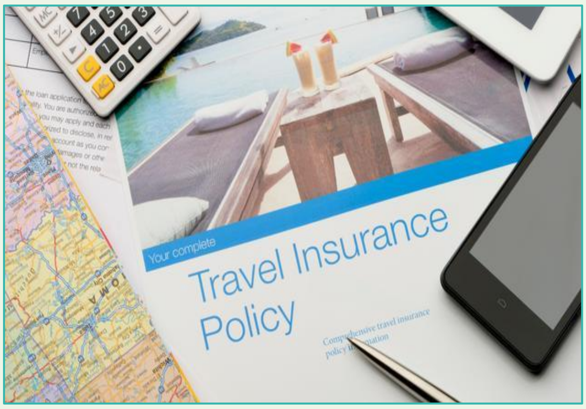
Know the exclusions in your policy: It is crucial to know things your home insurance policy doesn't cover. Jain said many insurance policies list specific types of damage that they do not cover such as intentional destruction of property, loss and damage caused due to war, volcanic upsurge, seepage losses and contamination damage. "If there are any exclusions that you would like to have in your home insurance policy, you must get add-on coverage if available," Jain added. Add-ons available: A comprehensive home insurance coverage coupled with add-on covers tailored to your requirements is all you need to ensure your dream home is well secured. Add-on covers will help you in areas your standard home insurance plan may not cover. "Some of the add-on covers include protection for portable electronic equipment such as camera, audio-visual equipment, diagnostic and medical equipment, jewellery and valuables cover, terrorism cover, loss of rent cover. Moreover, you can protect your premises against burglary and housebreaking with specially designed add-on covers," said Jain. So, this way, keep these factors in mind while choosing a suitable home insurance policy.

Documents required for the claim process: While filing a claim, it is essential to remember that giving insufficient or incorrect information can get your claims delayed or rejected. Duly filled-in claim form, plan of the building, first information report (FIR) or fire brigade report in case of theft or loss, bills/receipts, KYC documents, cancelled cheque for receiving claim amount electronically are a few of the documents you might need depending on the type of claim. This will also ensure a smooth claim process. Buying a home might be one of the significant investments in your life. And with the growing uncertainty, purchasing home insurance becomes a future investment that can help protect you from any substantial financial setback.

(The writer is Navneet Dubey.)

[TOP](#)

Cancelled your holiday plans due to Omicron? Your travel insurance claim may not be paid – Moneycontrol – 8th January 2022



The latest Omicron variant is forcing many travellers to alter their holiday or business travel plans overnight. About 33,000 flights that were due to fly between December 2021 and February 2022 have been cancelled globally.

If you too are disappointed and have called off your holiday due to the looming Covid-19 fear, then take a closer look at your travel insurance policy document.

Even though you may have read travel insurance banners and advertisements announcing coverage in the case of "Trip cancellation," "Trip curtailment" etc., it's important to understand that alteration in travel plans due to your own personal discomfort does not mean you can easily book a non-refundable flight and hotel reservations only to claim the cancellation damages through insurance. Your claim may not be honoured unless specific conditions are met.

Did you cancel on your own?
To be sure, a travel insurance is a must-have before you fly abroad, whether on a holiday or for work. Your travel insurance policy insures you against health-related emergencies, as well as baggage loss and trip or flight cancellations. When you cancel your trip, ideally you are supposed to get your sum assured back. But this doesn't happen always as there are numerous conditions.

"Your claim will not be processed if you decide to cancel your travel bookings due to the fear of contracting COVID-19. Cancellation due to changes in travel plans made by the insured basis convenience, are excluded under trip cancellation. Travel arrangements changed by the tour company too wouldn't be covered unless the cancellation is due to a natural disaster," says Adarsh Agarwal, Appointed Actuary, Go Digit General Insurance. In fact, some policies don't even allow cancellation even if your travel partner has got COVID-19 and you wish to call off your trip.

Or did your airline cancel?
The simple rule here is that if you yourself decide to cut the trip short then there would be deeper scrutiny. However, if the airline or the government of your destination country has forced a cancellation then the reason would be valid. "If the airline cancels the flight due to government restrictions, then the cost attached would be reimbursed under insurance," says Goel.

The valid conditions for acceptance of travel insurance claim for trip cancellation would be death or severe injury or illness of self or family), damage to residence, terrorist attack or natural disaster, visa being declined, re-appearing exams, loss of employment, theft of travel ticket.

Even when the policy condition is met, there are limited travel expenses that would be reimbursed by your insurance policy. "While the differential for the airline booking postponement would be permitted to be claimed, amount spent on hotel bookings would not be available for insurance claim," says Naval Goel, founder and CEO of PolicyX.com. On the contrary, there have been few cases where insurers offered an extension in insurance policy when the policyholder was stuck in the foreign land due to flight cancellations.

Type of policy
Another condition applicable under travel insurance would be the type of policy that you hold, which is linked to where and how you purchased your travel insurance cover. "Not all retail (purchased by individuals directly) policies offer the trip cancellation feature. Some of the group covers offer this benefit. But that wouldn't cover the expenditure on hotels," says Sanjay Datta, Chief - Underwriting, Reinsurance, Claims & Actuarial at ICICI Lombard General Insurance.

Elaborating the policies that would offer this feature, a senior general insurance official not willing to be named, says, "We do not offer the trip cancellation feature in the standard retail products. Policies offered to a group such as online travel portals, corporates (for the purpose of employee travel for official trips), airlines, etc. cover trip cancellations and the conditions are customised for every group. So, one must refer the policy document to understand what is covered."

Received compensation from airline?
If a traveller has received compensation for flight delay or cancellation from an airline, then there are chances that airline compensation amount would be deducted from the insurance component before honouring a claim. But the specifics would be driven by the clause included in your policy. Digit Insurance, for instance, disburses the insured amount as soon as flight delay intimation is received. However, in the event of cancellation, "Airlines usually compensate passengers and in such cases the insurer doesn't pay for the same," says Agarwal.

Another insurance company denies deducting any airline compensation amount. "Insurers do not deduct the compensation offered by airlines for COVID-19 related delays and cancellations or baggage loss," as per Datta.

Few travellers opt for the feature

Even though this feature of trip cancellation seems to be beneficial, few travellers purchase insurance for the compensation involved in the event of cancellation. Datta explains, “Typically, the insured do not purchase travel insurance for the trip cancellation feature, but for medical insurance benefits and allied coverage such as air lift.”

(The writer is Khyati Dharamsi.)

TOP

HEALTH INSURANCE

The dos and don’ts when buying health insurance policies in covid times – Live Mint – 13th January 2022

Taking an adequate health insurance cover for you and your family is a sensible option. However, the quality of health care you get when you need it the most completely depends upon your insurer and the health insurance policy. Choosing the right health insurance at the right cost is very important as another deluge of covid-19 cases has hit the country. This piece looks at some of the dos and don’ts when buying health insurance policies in covid times. Dos: Primarily, it would help if you are looking for a family floater health plan with minimum and maximum entry age. In that case, all age groups of family members can be insured and stay protected under the standard health plan. Naval Goel, founder and chief executive, PolicyX.com, said, “The health insurance plan should offer adequate in-terms of the sum insured and features because the new variant of Omicron is a super spreader that can infect multiple family members together."

Echoing similar views, Rakesh Goyal, director, Probus Insurance Brokers Private Limited said, “Covid might come with huge medical expenses considering the high rates for its treatment as well the current medical inflation. Therefore, in such a situation, you must understand your and your family’s medical needs and opt for a plan that offers sufficient coverage in case of medical emergencies due to covid or other illnesses." You can also look out for health insurance policies that offer network hospital facilities near your vicinity. Enrolling on network hospitals near your immediate resident during a medical emergency can save you from any hassles. Don’ts: Avoid any negligence while buying, porting or upgrading your health insurance at this point. Ensure that you perform the utmost research and compare the different online plans. Comparing and doing your homework of optimum research can help you find the best plan coverage at the best price, thereby helping you save time and money.

Mint Takeaway: First, you need to be sure if you are looking for comprehensive health insurance that covers initial consultations and diagnosis or a basic health insurance policy to save on the premium? The second thing to consider is the total sum assured. “If you reside in smaller or tier 2 and 3 cities, you must get a cover ranging from ₹5 to 7 lakh, whereas if living in a metro or tier 1 city, a cover ranging from ₹10 to 15 lakh is sufficient," said Amit Chhabra, Head-Health Insurance, Policybazaar.com. Third, buy a health policy that can give you a restore cover or super top-up just in case you fully utilize the total sum assured. Fourth, choose a policy that covers all your pre-existing diseases.

(The writer is Navneet Dubey.)

TOP

Demand for standard, not Covid-specific, health cover catching up in rural areas – The Hindu Business Line – 13th January 2022

With pandemic cases surging, people are increasingly looking at a standard basic health cover rather than opting for Covid-specific health insurance. "We notice that the demand for basic standard health cover product Arogya Sanjeevani is on the rise, especially from customers in rural areas," S Prakash, Managing Director, Star Health & Allied Insurance said. According to Prakash, who is also a medical doctor, Covid-19 needs health insurance cover 'without any compromise' and Covid-specific covers are not entirely helpful as they come with many ifs and buts. "What happens if there are clinical symptoms while a Covid diagnostic test is negative? A comprehensive health cover is needed even if a person has no Covid after being suspected," he explains. Precisely, this is the reason why a standard health cover is being seen as more useful by the people, he said. "As a medical doctor I personally feel this is advisable," Prakash added.

While the urban middle class is generally more conscious of the need for a health cover, it is interesting to see more demand for tier-2 and rural areas for the standard basic health cover policy Arogya Sanjeevani. The Insurance Regulatory and Development Authority of India (IRDAI) has mandated all insurers to offer Arogya Sanjeevani which will cover the basic healthcare costs such as hospitalisation, including for Covid-19, day-care treatment, pre- and post-hospitalisation expenses, and offers tax benefits. The main objective of the regulator in introducing the product in April 2020 is to ensure standardisation, where the same policy terms are to be offered by all insurers. Under Arogya Sanjeevani, the maximum sum insured is Rs. 5 lakh and the minimum Rs. 1 lakh. With the policy being the same with every insurer, it is easier for a policyholder to choose the insurer based on the premium, services offered and network hospitals.

Though the product got clouded due to the out-break of Covid after its launch and covid-specific cover of `Corona Kavach' now, it is now picking up, said Sanjay Datta, Head- Underwriting and Claims, ICICI Lombard General Insurance Company. "All those who had realised the need for health cover due to the pandemic impact are now staying invested in health cover policies," he said, adding that this is also applicable to other health cover products apart from Arogya Sanjeevani. Sapna Desai, Head of Marketing & Digital Sales, ManipalCigna Health Insurance said the impact of Covid has certainly been instrumental in driving awareness about the significance of purchasing a comprehensive health insurance policy, to cater to the problem of ever-increasing medical inflation. In the meanwhile, the insurance regulator is considering extending the validity of Covid-19-specific cover policies — Corona Kavach and Corona Rakshak — beyond the current fiscal. However, last September, IRDAI had extended the deadline for validity till March 31, 2022.

TOP

Does your health insurance company have the money to pay your claim? Check here – The Economic Times – 11th January 2022

If you want to buy a health insurance policy, one of the factors you should look into is the solvency ratio of the insurer. This ratio will help determine your insurer's ability to repay the amount when you make a claim.

According to Irdai guidelines, all companies are required to maintain a solvency ratio of 150% to minimise bankruptcy risk. Solvency ratio helps identify whether the company has enough financial buffer to settle all claims in extreme situations. Hence, it is a good indicator of an insurance company's financial capacity to meet both its short-term and long-term liabilities.

The solvency margin is calculated by comparing a company's obligations to its current assets. To put it another way, the solvency ratio is computed by dividing a company's after-tax operating income by its debt liabilities.

Solvency ratio of general, health and reinsurance companies (FY 2020-21)

S. No.	Insurer	June 2020	September 2020	December 2020	March 2021
	Private Sector Insurers				
1	Acko General Insurance Ltd.	3.64	3.55	1.93	1.91
2	Bajaj Allianz General Insurance Co. Ltd.	2.80	3.07	3.30	3.45
3	Bharti AXA General Insurance Co. Ltd.	1.77	1.91	1.55	1.59
4	Cholamandalam MS General Insurance Co. Ltd.	1.78	1.95	2.01	2.08
5	Edelweiss General Insurance Co. Ltd.	1.96	2.02	2.04	2.09
6	Future Generali India Insurance C. Ltd.	1.61	1.65	1.63	1.61
7	Go Digit General Insurance Ltd.	3.27	2.82	2.37	2.01
8	HDFC ERGO General Insurance Co. Ltd.	2.04	2.17	1.98	1.90
9	ICICI Lombard General Insurance Co. Ltd.	2.50	2.74	2.76	2.90
10	IFFCO Tokio General Insurance Co. Ltd.	1.69	1.74	1.75	1.73
11	Kotak Mahindra General Insurance Co. Ltd.	2.20	2.12	2.24	1.95
12	Liberty General Insurance Ltd.	2.65	3.09	2.81	2.92
13	Magma HDI General Insurance Co. Ltd.	1.75	1.78	1.81	1.79
14	Navi General Insurance Ltd.	3.09	2.00	2.22	2.12
15	Raheja QBE General Insurance Co. Ltd.	2.22	3.94	3.50	3.66
16	Reliance General Insurance Co. Ltd.	1.58	1.63	1.65	1.65
17	Royal Sundaram General Insurance Co. Ltd.	2.01	2.31	2.16	1.87
18	SBI General Insurance Co. Ltd.	2.27	2.34	2.21	2.00
19	Shriram General Insurance Co. Ltd.	3.51	3.66	3.61	3.63
20	Tata AIG General Insurance Co. Ltd.	2.13	2.17	2.17	2.22
21	Universal Sompo General Insurance Co. Ltd.	2.21	2.14	1.55	1.90
	Public Sector Insurers				
22	National Insurance Co. Ltd.*	0.01	0.20	0.61	0.62
23	The New India Assurance Co. Ltd	2.11	2.14	2.15	2.13
24	The Oriental Insurance Co. Ltd.*	1.28	1.24	1.53	1.40
25	United India Insurance Co. Ltd.*	0.67	0.89	1.38	1.41
	Specialized Insurers				
26	Agriculture Insurance Co. of India Ltd.	2.92	2.90	2.29	2.09
27	ECGC Ltd.	13.81	12.23	15.97	19.25
	Stand-alone Health Insurers				
28	Aditya Birla Health insurance Co. Ltd.	1.73	2.17	2.09	1.82
29	Care Health Insurance Ltd.	2.59	2.52	2.52	2.45
30	HDFC ERGO Health Insurance Co. Ltd.**	1.57	1.59	-	-
31	ManipalCigna Health Insurance Co. Ltd.	1.97	3.06	2.59	2.12
32	Max Bupa Health Insurance Co. Ltd.	1.74	1.80	1.65	2.09
33	Reliance Health Insurance Ltd.	0.42	0.40	0.32	0.26
34	Star Health and Allied Insurance Co. Ltd.	2.00	1.69	2.49	2.22
	Reinsurer				
35	General Insurance Corporation of India	1.52	1.56	1.53	1.74

**Solvency for the quarter ending on March, 2021 is with for bearnance.*
***Erstwhile HDFC Ergo Health Insurance Co. Ltd. merged with HDFC Ergo General Insurance Co. Ltd. w.e.f. March 01, 2020.*

Source: Irdai annual report 2020-21

This ratio is available on each insurer's website. Do make sure to finalise your insurance company after checking the solvency ratio.

Why solvency ratio is important

Insurers receive hundreds of claims from their customers regularly. To process all these claims and pay the monetary benefit to the beneficiaries, the company needs to be financially stable and have adequate funds. The solvency ratio is a simple indicator to know how good or bad the financial strength of an insurer is.

A low solvency ratio indicates that the corporation may struggle to meet its financial obligations and make timely payments. In contrast, a high solvency ratio indicates that the corporation has sufficient funds to meet its financial responsibilities. A higher solvency ratio is usually regarded as an indication of reliability.

(The writer is Sneha Kulkarni.)

TOP

Health insurance companies can no longer deny claims, deduct charges for specific Covid treatment – Financial Express – 10th January 2022

As no specific medicine was available to treat the Covid-19 patients, after trying various antibiotics, doctors started administering "Antibody Cocktail therapy" to treat such patients. As the therapy was first started on experimental basis, many health insurance companies were either denying the claims on such treatments or were deducting the cost of the antibody cocktail (mainly containing Casirivimab and Imdevimab).

However, the Central Drugs Standard Control Organisation (CDSCO) gave emergency use authorisation (EUA) to the use of antibody cocktail (Casirivimab and Imdevimab) in May, 2021 in our country.

So, after coming across the instances of denial of claims and / or deduction of expenses incurred towards "Antibody Cocktail therapy" treatment for Covid-19, under the pretext that the said therapy is an experimental treatment, the Insurance Regulatory and Development Authority of India (IRDAI) has advised the health insurance providers to review the claims denied/deductions made in such claims and take appropriate action for ensuring that the claims are settled as per terms and conditions of the policy.

The insurance regulator has also requested the health insurance companies to put in place effective claim settlement procedures to update the developments/approvals given by relevant authorities so that all claims are settled as per the terms and conditions. So, the health insurance companies would no longer be able to deny claims or deduct charges for the "Antibody Cocktail therapy" used to treat Covid patients. During the onset of the pandemic also, the IRDAI came down heavily on health insurance providers after they started denying claims related to Covid-19, citing its pandemic status. The insurance regulator not only asked the health insurers to settle the claims related to Covid-19, but also asked the insurers to issue two Covid-specific insurance products with standard features.

Following which, the health insurance companies had launched Corona Kavach and Corona Rakshak policies to provide widespread insurance cover against the Covid-19 at a cheaper rate compared to a full-fledged health insurance policy.

(The writer is Amitava Chakrabarty.)

TOP

Rejections of insurance claims for antibody cocktail rise – The Hindu Business Line – 8th January 2022

Amid greater demand for the treatment, experts caution against its overuse

Even as the number of Covid-19 cases witness a steep rise in the wake of the new variant Omicron, there has been a steady rise in demand for monoclonal antibody cocktail therapy. While insurance companies say they have been honouring the claims arising out of this line of treatment, hospitals say there has been rise in rejections as insurers say it is experimental drug therapy.

The antibody cocktail therapy (Casirivimab and Imdevimab) are given together as soon as possible after testing positive for Covid and within 10 days of the onset of symptoms. It is usually administered to elderly Covid patients who are prone to multiple co-morbidities such as diabetes, hypertension, diseases related to heart, liver, kidney; post-transplant patients; and also to those undergoing chemo therapy. The drugs typically come in a pack of two doses, each costing between Rs. 56,000-60,000.

According to Dr S Prakash, Managing Director, Star Health and Allied Insurance, the cocktail antibody therapy was considered effective against the Delta variant. However, experts have expressed their apprehensions regarding the efficacy of the treatment for the Omicron variant. "We should be very careful and any abuse of such cocktail antibody should be avoided," Prakash told BusinessLine .

Rise in demand

Hospitals across Kolkata confirm that with the upsurge in the number of cases, there has been a rise in demand for antibody cocktail therapy as compared to the second wave caused by the Delta variant. "Typically, 10 per cent of the total number of patients admitted for Covid are administered this therapy at early stage of onset of symptoms before they start witnessing a decline in oxygen saturation levels," said Dr Aviral Roy, Consultant – Critical Care, Medica Superspecialty Hospital.

Fewer hospitalisations

However, with the Omicron variant, it may not be as effective, Roy said, and added that there has been rise in rejections on the ground of experimental drug therapy.

Since Omicron is still considered to be milder and is not as virulent as the Delta variant, the need for hospitalisation might be lower. If there is no hospitalisation, then insurance companies may not want to honour claims, said P Nandgopal, Founder and CEO, Insurance Inbox.

'IRDAI directives followed'

"As per the IRDAI directive, all approved Covid treatments are covered under insurance and we pay the claims. However, hospitals should not push the therapy to people who may not need it," said Sanjay Datta, Chief – Underwriting, Claims & Reinsurance, ICICI Lombard General Insurance.

(The writer is Shobha Roy.)

[***TOP***]

Health insurance for senior citizens: How to pick the best insurance policy – The Economic Times – 8th January 2022

When it comes to senior citizens above the age of 60 the health insurance options have increased over the past few years. However, there is always a trade-off between premium affordability and benefits. Here's how you can pick the right health insurance plan best suited for your needs.

Health insurance options for seniors have increased

While there was a time when hardly any insurer wanted to offer health cover to senior citizens, the situation has changed now. "A few years ago, it was almost impossible to think of buying health insurance policy, once the person touched 60; however, the insurance landscape has changed over the time. Senior citizens can avail coverage in the older ages to take care of the rising cost of medical treatments, which is most common during older age," says Indraneel Chatterjee, Co-founder, RenewBuy, an insurance broking firm.

You can get a health cover despite comorbidities

Often an existing ailment was reason enough for health insurers to reject a new policy application of customers. When it comes to people aged above 60, a large part of this segment suffers some or the other kind of ailment. This was the reason why insurers in the past were reluctant to offer health insurance to this segment. However, things have changed. "Insurers are increasingly more sophisticated in catering to such chronic ailments. Generally, if you have moderate health issues that are well managed the insurer will issue you an insurance," says Kapil Mehta, Co-founder of SecureNow Insurance Broker. Common comorbidities like diabetes or blood pressure are covered by a good number of senior citizen special polices. "There are insurance companies that permit health insurance for people above 65 years with comorbidities like diabetes and BP. While they may have to pay loading charges or bear a waiting period for some duration to get their pre-existing diseases covered," says Naval Goel, Founder & CEO, PolicyX.com, an insurance comparison portal.

Watch out for these limiting factors

While insurers have started offering health plans to senior citizens, however, there are a lot of limitations. "Most of these plans have certain common features in terms of the benefits provided. Some exceptions in case of health insurance for senior citizens include capping on the sum assured, longer waiting period and pre-existing clauses," says Chatterjee. One of the shortcomings of many of these plans is the disease-wise waiting periods. "Regular Mediclaim insurances tend to have just one waiting period for pre-existing conditions whereas senior plans would often list out waiting periods by disease. These higher restrictions make it easier to issue the insurances to seniors with medical issues," says Mehta. Similarly, many plans also have disease wise sublimits which means they will not cover if the expenses go beyond these sublimits for any specific disease.

Standard plan with higher entry age or a senior special plan?

There are many new standard plans which have started offering higher entry age so that senior citizens can also buy these policies. Given the two choices, how should a senior citizen decide which plan will work better?

When senior special policy scores: Being customised to old age requirements, senior special plans tend to tick more right boxes for senior citizens. "The basic coverage under senior citizen plans includes pre and post hospitalization cost, ambulance charges, ICU charges, surgeon's fees etc. There are also senior citizen plans which cover organ donation and transplantation expenses," advises Chatterjee. The choice will mainly depend upon how much health insurance you already have. If you depended primarily on your corporate plan and did not buy an individual plan, then senior special plan can be a better option. "In case a senior citizen has not applied for a health insurance policy after 60, it is suggested that they opt for senior citizen-based plans. This is because a lot of benefits in the senior citizen health insurance plan, pertains to their age. Also, senior citizens can keep renewing the policies till ripe old age, which is not the case in comprehensive health plan," says Chatterjee.

If you already have or have higher risk of developing a chronic ailment then also having a senior special plan would be a better choice, "There are several pure senior citizen insurances available, and their main value proposition is to cater to seniors that have chronic ailments. The underwriting, pricing and benefits are oriented towards such seniors," says Mehta. When standard policy can work: There are many standard policies which have higher entry age and offer long-term coverage which may be a good option for senior citizens. "Over the past 2 to 3 years insurers have moved towards regular products where entry age can be over 65 years. Fewer plans are administratively easier for insurers to handle," says Mehta. Standard plans offer wide coverage at a relatively higher premium. "Primarily, standard health insurance plans come with features and benefits. And there is no co-payment in standard health insurance plans. If there are a few plans with co-payment, the payment remains very marginal in standard health insurance plans up to 20%" says Goel.

Whether to go for co-payment or not?

Most of the senior special plans offer lower premium in comparison to standard plan but it comes with a trade off. "In senior citizen plans, the premium is lower than standard health insurance but there is a co-payment option in these plans along with fixed sum insured as the sum insured is given under limits in senior citizen plans," says Goel. Each time you make a claim you will have to pay a part of it as agreed under copayment clause. Some plans give you the option to pay higher premium to have no copayment obligation. So how should one decide if one should opt for a plan with co-payment. "It entirely depends on the financial capabilities of the policyholder. The health insurance with no co-payment charges a little higher than co-payments. If the premium doesn't come quite heavy on the pocket of the policyholder then they must take it without co-payment as paying a higher premium is always cheaper than paying a hefty hospital bill," says Goel.

There are also conditions in which the insurer will only issue a policy if you agree for co-payment especially in cases of pre-existing diseases. "A co-pay is good to opt for if you suffer from chronic ailments. Insurers are more willing to issue insurances if they know that you will pay a part of a possible hospital bill. The co-pay aligns the insurer and your interest completely. For example, you would also like to reduce your hospital stay to the minimum if you have a co-pay because you pay part of the bill. Had there been no co-pay you have less incentive to get discharged earlier," says Mehta.

So if you do not have any chronic ailment going for a plan without copayment may be a better option. "If you are in good health then it's better to opt for a plan without co-pay for the obvious reason that the complete hospital bill will be paid for by the insurer. Do keep in mind that even when there is no co-pay there are some items such as administrative charges and toiletries that the insurer will not cover. These costs can be between 10 to 15% of the total bill" says Mehta. If affordability is an issue, then it is better to have a plan with copayment than not having a plan at all. "There is another reason when you might opt for co-pay and that is to keep premium low. Co-pay plans are cheaper. Some insurances offer you the option of paying a higher premium later and removing the co-pay. This is useful because you can buy an affordable plan now and later, when you can afford to pay more, remove the co-pay," says Mehta.

(The writer is Naveen Kumar.)

TOP

MOTOR INSURANCE

Third-party motor insurance premiums could hike in 2022, check how much more you may need to pay – Zee News – 12th January 2022

Insurance companies are mulling a hike in the premiums of third party motor insurances. According to a report by Zee Business, insurance firms have sent a proposal to the Insurance and Regulatory Development Authority of India (IRDAI), requesting the insurance regulator to allow a price hike in third-party motor insurance by 15 to 20 percent. The report also points out that insurance companies were planning to increase the premiums of third party motor insurance before the pandemic. But their plans got delayed as the Covid-19 pandemic hit the country in March 2020.

More than 25 General Insurance Companies are reportedly hoping to receive a nod from IRDAI to hike the premiums of third party motor policies. The current premium prices are not sustainable, insurers believe. Moreover, a rise in the third part of third party motor insurance claims has added to the pressure on the service providers. The increasing refunds and stagnant premium prices are reportedly impacting the revenues of third party motor insurance providers.

According to the IRDAI's Annual Report of 2021, third party insurance accounts for 25 per cent of the business for non-life insurance companies. The report also added that companies collected Rs 40,000 crore in third part insurance premiums during the period under review. The hike in premium prices of third party motor insurances could bring a much-needed respite for insurers. However, an increase in the premiums could put burn a hole in the pockets of the common man. If the hike is approved by the IRDAI, new vehicle buyers will also have to pay more price on the premiums of the third party motor insurance policies.

TOP

10 ways to reduce car insurance premium – The Economic Times – 12th January 2022

When you buy a car, the convenience comes for a price. Besides maintenance, you also pay for the vehicle's insurance, which has two components: 'third party' and 'own damage' or what is also known as 'comprehensive' insurance. While the former covers any damage or injury incurred by a third party in case of an accident, the latter insures the damage suffered by your car. Is there any way to reduce this financial liability or are both the premiums fixed?

"In terms of third-party liability, the premium is fixed and the cover is mandatory as per the Motor Vehicle damage risk, the premium is dependent on the kind of coverage required," says Rakesh Jain, CEO, Reliance General Insurance. What this means is that you can bring down the premium of your comprehensive insurance not only by customising your cover, but also being aware of several other factors. Here are some ways in which you can bring down your car insurance premium.

1) Get 'pay as you drive' insurance
This is a relatively new concept in the Indian auto industry available since 2020 under the regulatory sandbox guidelines by Irdai, and is allowed to be marketed only by a few insurers. "It's a usagebased offering, wherein the insurer charges premium only for the number of kilometres fixed at the policy's inception. The insured, however, gets the same benefits as in a traditional comprehensive cover," says Jain. So if you drive occasionally, this would be a good way to cut premium because fewer miles mean lower premium.

2) Don't buy all add-on covers
Not every damage is covered by base cover. Add-ons help increase the scope of your comprehensive cover, but they also raise your premium. "You should pick the add -ons depending on your need. So, if you don't live in an area that has water logging, you don't need the engine protection cover," says Ashwini Dubey, Head, Motor Insurance Renewals, Policybazaar.com. "There are several add-ons that are less important but cost the same as others," says Ankit Agrawal, Co-founder & CEO, InsuranceDekho. So you can easily forgo those like daily allowance cover, or the one that covers loss of personal belongings.

3) Don't go for too many modifications or upgrades
If you alter your car in any way, be it installing a CNG kit or an electronic device, you need to inform the insurer as it may impact the premium. If you don't inform, your claim may be rejected later. "Modifications that increase the chance of theft, such as wheels, car interiors or paintwork, should be avoided. Similarly, any change in engine or mechanics to enhance power or increase acceleration, leads to an increase in risk and a rise in premium," says Aatur Thakkar, Co- founder & Director, Elephant.in, Alliance Insurance Brokers. "Other modifications you can avoid are bull bars, pressure horns, tinted head or tail lights, fake carbon fibre, flashing brake lights and over or undersized wheels and tyres," says Agrawal.

4) Avoid small claims
If your car suffers minor damage like scratches or small dents, you should avoid making a claim because you will not be eligible for a no-claim bonus (NCB) at the next renewal. NCB is a discount in premium you get from your insurer for not filing claims during the policy term and can range from 20-50%. You can avail of this if you renew the policy within 90 days of expiry. "So, if your car damage is worth Rs 2,000 or so, and you are scheduled to getRs 6,000 NCB next year, it is better to pay the amount from your pocket," says Dubey.

5) Install antitheft devices in your car
Another easy way to reduce your car premium is to lower the risk of having the vehicle stolen. The higher the safety, the lower your premium. "You can do this by installing anti-theft devices like gear locks, antitheft alarms, steering locks from registered manufacturers to get a discount on the premium," says Thakkar.

6) Raise your deductible
Deductible is the amount that you pay from your pocket before the claim is covered by the insurer. The higher the deductible, the lower the premium that you pay on your insurance. So if you are confident about your driving skills or do not drive very frequently, it may be a good idea to opt for a higher deductible, to bring down your premium.

7) Transfer NCB for new car
If you have amassed a huge no-claim bonus over 6-7 years, and are planning to buy a new car, you could cut down your premium considerably by transferring the NCB from your old insurance policy to the new car insurance.

8) Join an auto association
Another simple ruse that can get you a fixed discount on car premium is becoming a member of registered bodies like the Automobile Association of India (AAI) or Western India Automobile Association (WIAA).

9) For older cars, take only third-party cover
"While a third-party cover protects you financially against death, injury or property damage of a third party in an accident involving your vehicle, it is imperative to have an own-damage cover to protect against expenses incurred in damage to your own car. So not buying a comprehensive cover to cut premium will be unwise," says Jain. However, it may make sense to buy only the third-party cover if the value of your car is very low or it's an old car. "If your car is very old or you are planning to sell the car soon, then opting only for third-party insurance is recommended as it is cheaper than comprehensive

plans," says Thakkar. Besides, you may spend less on repairs than the premium you pay for the comprehensive cover.

10) Pay premium on time, buy online cover
Two simple ways to reduce your premium are to compare and shop online for your insurance, and to pay your premium on time. "If you don't pay your premium on time, the insurer may see it as a risk and could raise your premium amount," says Dubey.

(The writer is Riju Mehta.)

TOP

Mistakes to avoid while buying fresh motor insurance and renewing an existing cover – Financial Express – 9th January 2022

Buying a new vehicle can easily be listed as one of the few most important purchases of a lifetime. Buyers ask around for opinions, plan their budget months in advance, and keep a tab on the latest features and models before they can finally make up their minds. So, quite understandably, nobody wants to see their vehicle damaged or broken down. While a lot of thought goes into purchasing the vehicle, buyers often don't ponder much over the insurance that protects their vehicle from damages.

This just doesn't apply to new vehicles, the old ones need to be insured just as much. Whether your vehicle is new or old, motor insurance is not just a mandate by law, but a crucial accessory to protect your ride. The Motor Vehicles Bill, 2019 has made it compulsory for all personal and commercial vehicles to have insurance in place before they hit the road.

When you are out there driving, there's always a risk of uncertainty. It could be something as serious as an accident or something as common as a vehicle breakdown. Your motor insurance is the shield that protects you and your vehicle and makes your ride a smooth one. However, it's also quite possible to hit a few bumps if you don't take note of important points and end up later with rejected claims or an insufficient cover.

Here's what not to do while buying fresh motor insurance or renewing an existing cover.
For first-time buyers
Accepting the first insurance by the dealer in a jiffy
The excitement of taking a brand new vehicle home is like none other. It's natural to run with the first insurance plan they get from the dealer and take off. But might we ask you to hold off for a bit more and decide only after comparing various options available to you? As you'd know, the dealers have a commission-based partnership only with certain insurers, so that limits your scope of choices. Also, the extent of coverage and features can be limited in this case. So, shell out your insurance money wisely by comparing policies online before you decide.

Relying on just the third-party insurance
This could be true for both first-time buyers and the ones who want to renew their policy. Third-party insurance (TPI), which is a mandate by law, takes care of any damages caused by your vehicle to the third party. However, this is just the bare minimum that you need to have. This might save you the heavy penalty but will not cover any damage caused to you or your own vehicle. Unfortunately, accidents occur at the most unexpected time and place. So it's not enough to have just TPI because it won't guarantee any financial protection to you or your vehicle and this can cost you heavily. If you have a new vehicle or if you have been depending just on TPI, you should opt for comprehensive insurance with sufficient coverage and features.

Not opting for riders or add-ons

Often, new vehicle owners are not aware of the riders they can choose for their vehicle. After you have picked a policy with sufficient coverage, you need to make it all-inclusive by adding riders. There are some damages that are not covered by the policy but are taken care of by riders like roadside assistance cover, zero depreciation cover (bumper to bumper cover), engine depreciation cover or no claims bonus protection cover. These riders are not available with just third party insurance, which is another reason for you to buy a comprehensive policy covering own damage. Even if you are about to renew your policy and don't have these riders or are not aware of them, do remember to check with your insurer. You can customise your policy as per what riders you think you'd need the most.

For renewals

Forgetting to renew your policy in time

For the most part of the past two years, almost all vehicles have just been parked and rarely been used. In these circumstances, the renewal date and grace period can easily slip out of your mind. However, this mistake can cost you dearly. If you don't renew the policy in time, it will lapse. This way, you are not only exposing your uninsured vehicle to financial losses but also making yourself prone to legal consequences. Apart from this, renewing your insurance after the due date will make you go through the documentation again. It's quite possible that your renewal might be rejected based on the condition of the vehicle. Renewing your policy within due time is completely hassle-free.

Losing out on no-claim bonus

A No-claim bonus in your policy rewards you for not making any claims during the policy year. In a nutshell, it's a discount on your premium upon renewal in case of no claims. As per the rules, you could enjoy up to 20% discount on your first year of no claims, 25% for two years, 35% for three and 45% for four consequent years with no claims. You stand to lose out on this benefit under these circumstances –

– Not renewing your policy within three months of the policy expiry date

– Losing the entire NCB by making a claim even for a small amount

Providing wrong information or hiding information

Like any other insurance, motor insurance also follows the principle of utmost good faith. Do not hide any information or provide wrong information about damages, condition of the vehicle or yourself while renewing the policy. Doing so counts as a serious offence and amounts to insurance fraud. This can attract heavy fines or even imprisonment. In case you want to get any information changed, you should do so at the time of renewal. It could be a change in your name or place of residence. Always disclose full information while renewing your policy.

Keeping the above points in mind will help you make the most of your motor insurance policy and enjoy a long-lasting and hassle-free ride with your vehicle.

(The writer is Tarun Mathur.)

TOP

CROP INSURANCE

Madhya Pradesh farmers yet to get crop insurance claims for 2020 kharif season – The Hindu Business Line – 13th January 2022

The delay in finalising the yield under the Pradhan Mantri Fasal Bima Yojana (PMFBY) by Madhya Pradesh for kharif 2020 season has left farmers waiting for the relief for the past 15 months. The State government is said to be not inclined to pay more than its share of premium even as there was heavy damage to soybean crop in 2020. During the kharif season in the year 2020, Madhya Pradesh delayed its enrollment under PMFBY and joined the scheme under the so called “Beed formula” or 80:110 sharing plan. For a sum insured (SI) amount of Rs. 27,070.50 crore, Agriculture Insurance Company (AIC), which was the sole insurer for the State, had collected Rs. 4,581.32 crore as gross premium (16.9 percent of SI). Farmers' share was Rs. 559.13 crore in the gross premium while remaining was equally shared by the

State and the Centre. The overall premium was 15.6 percent of SI of Rs. 18,083,23 crore in kharif 2019 in MP. The claim to premium ratio was 213 percent in MP in kharif season in 2019, mainly due to damage to the soybean crop production dropping 27 percent to 48.87 lakh tonnes from year-ago. This resulted in the gross premium skyrocketing in the next season during the bids, which increased the burden on the State government. It is learnt that the overall claims are 100 percent of the gross premium collected and if accepted the State government does not have to pay more than its share. However, there are some issues between the State government and AIC on whether to calculate yield as a whole or cluster-wise to determine the 80:100 liability, sources said. If claims are calculated cluster-wise, claims are more than 140 percent in some clusters in which liability of the State increases under the 80:110 formula. When contacted, a top official of the State agriculture department declined to comment.

This 80:110 plan was introduced in Beed district in the 2020 kharif season as a one-time solution when no bidder came forward. In the same season, Madhya Pradesh also sought and received approval on the formula, in which AIC's potential losses are circumscribed. In this case, AIC is not obliged to pay claims above 110 percent of the gross premium and the State takes the responsibility beyond that threshold. The insurance company will keep a minimum 20 percent of premium when claims fall below 80 percent and refund the remaining to the State government, under the formula. In case of claims between 80 and 110 percent, neither the State pays extra nor gets refund as the entire responsibility lies with insurer."Unfortunately, the Centre is silent in this case even though it has promised to intervene if the State does not submit the yield estimation in two months. The responsibility lies with both the Centre and State governments since farmers already paid their premium. Ultimately, farmers are suffering in getting the claims," said farmer leader Shiv Kumar Sharma (Kakkaji).

TOP

SURVEY & REPORTS

Financial immunity gains currency in post-pandemic world: Survey – Business Standard – 12th January 2022

Amid the fresh wave of the coronavirus pandemic, Indians are more prepared to deal with the situation while paying more attention to financial immunity through insurances and cutting on discretionary expenses, as per a study. Post the first year of the pandemic, people are spending less on discretionary items, and they are majorly renewing their health and life insurance policies. They are also focussed on building savings by utilising half of their income to gain financial immunity, SBI Life said in the second edition of its survey 'Financial Immunity Survey 2.0', released on Wednesday.

The Financial Immunity Survey 2.0 was commissioned by SBI Life Insurance in association with the Nielsen IQ (India Pvt. Ltd). The survey sample size was 5,000, covering 28 metros and tier 1, 2 and 3 cities. The male to female participation in the survey was 80:20, while the participation was 50:50 in the age group from 21-35 and 35-45 years. Awareness levels are rising towards financial immunity. There is a focus on savings as Indians are saving more now and utilising half of their income to build financial immunity through savings, investments and insurance, the survey said.

"In the context of the ongoing pandemic, the importance of financial security, and stability of self/family in case of any uncertainty has increased as compared to the first wave -- from 41 per cent to 57 per cent. Our survey results showed that one of the major issues causing stress is the rising cost of medical treatment followed by an unstable economy and concerns regarding the health of self/family members," SBI Life said.

It said 57 per cent of the Indian population consider financial immunity to be directly associated with financial security and stability. It is also closely related to generating income from varied sources. Among others, the survey found that one-third of the population continue to face reduced income due to the pandemic. The life insurer said that as many as 64 per cent of the Indians feel that their milestones were impacted by the pandemic, while 60 per cent have started to spend less on non-essential items. "Indians are directing 50 per cent of their income towards savings, investments and/or insurance. 75 per cent have renewed life and health insurance in 2021."

Further, the insurer said that although Indians feel insurance is important, they seem to be under-insured with nearly 3.8-times the cover of their annual income, which is below the recommended 10X/25X of annual income. As per the survey, the pandemic has brought to the fore the importance of insurance. It said as many as 46 per cent of the population purchased health insurance for the first time during Covid-19. While 44 per cent purchased life insurance for the first time during the pandemic. The insurer also highlighted the new life as a co-existence with the coronavirus. "The advent of the third wave has brought focus on booster doses and vaccination for the younger populace. The human race is racing to adapt. Behaviours, attitudes and mindsets are fast adapting to the new normal and building on physical and financial resilience in face of the evolving realities," SBI Life said.

TOP

Best performing insurers – Fortune India – 10th January 2022

1. Covid shot for life insurance

Top insurers cash in with faster claim settlements, new plans and product innovations in a pandemic-stricken year.

Covid-19 has has led to higher awareness around thef need for financial protection. More and more people are now buying policies to secure their dependents' future. According to a Fortune India-SecureNow listing, Max Life Insurance was ranked No. 1 as the company managed to settle all death and maturity claims within a month, followed by Bajaj Allianz Life, which has been introducing new plans almost every year, and HDFC Life Insurance Company, which continues with its product innovations. "From dedicated teams to leveraging tech we ensure we do all to provide the nominee of our customer a simple and sure-shot solution for processing their claims," says Tarun Chugh, MD & CEO, Bajaj Allianz Life Insurance.

While buying life insurance, the most important consideration should be to choose the right amount of cover. The coverage amount must be enough to support one's dependents. "Ideally, term insurance should be able to take care of any liabilities you may have, such as a home or a business loan, and leave enough for your family. Typically, any earning member with dependents should have a total individual term plan up to 10-20 times of the annual income keeping in mind the assets and liabilities in hand," says Adhil Shetty, CEO, BankBazaar.com.

"It is quite crucial that the policyholder's family gets the sum assured as it can be a make-or-break situation for them since the family will depend on this money in future," says Naval Goel, founder and CEO, PolicyX.com. "Consistent growth over five years in claims paid ratio underlines our commitment towards upholding customer trust. An all-time high individual death claims paid ratio of 99% in FY21 reiterates our focus on bringing agility and innovation amidst the pandemic," says Prashant Tripathy, MD and CEO, Max Life Insurance. "Using the latest in technology, we ensure superior service to our customers," adds Suresh Badami, executive director, HDFC Life.

Post Covid, especially in the wake of the rising threat of Omicron, large reinsurance companies — which provide financial protection to insurance companies — are likely to increase their charges as well. The increase may have a cascading effect on retail customers as companies have announced plans to charge more in premiums beginning 2022. Higher premiums may, however, bring in the much-needed relief and some profits for life insurers, currently reeling under constant death settlement claims due to Covid-19. "Consistent growth over five years in claims paid ratio underlines our commitment towards upholding customer trust. An all-time high individual death claims paid ratio of 99% in FY21 reiterates our focus on bringing agility and innovation amidst the pandemic," says Prashant Tripathy, MD and CEO, Max Life Insurance. "Using the latest in technology, we ensure superior service to our customers," adds Suresh Badami, executive director, HDFC Life.

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2. Pandemic Aids Growth, Wider Adoption Of Health Insurance

Demand rises for short-term covers; top health insurers settle majority of honoured claims within 30 days.

The pandemic underscored the importance of a health policy like never before. But besides the cover amount and premium charges, investors also need to look at the claims settlement rate. Bajaj Allianz General Insurance Company tops this year's ranking for its paid claims settlement rate of 90% — 97% of the claims were settled within 30 days. It was followed by ICICI Lombard General Insurance and Care Health. Both ICICI Lombard and Care Health Insurance settled all honoured claims within 30 days, against the industry average of 82%. "Covid-19 accelerated the topline growth in health insurance, driven by a combination of factors," says Avinash Singh, senior research analyst, Emkay Global Financial Services. An increase in the number of people opting for health insurance, demand for short-term Covid health covers and increased claim costs have resulted in strong growth in premiums, he adds.

With social distancing becoming the norm, companies have taken to digital like never before. "We made our processes simpler for customers, especially the buying and claims journey, by integrating and enabling digital assets... Cashless claims were settled within an hour of turnaround time," says T.A. Ramalingam, chief technical officer, Bajaj Allianz General Insurance. Bajaj Allianz allows cashless treatment in over 6,500 network hospitals, while ICICI Lombard has a network of over 4,500 hospitals pan-India and Care Health Insurance over 16,500.

Innovation has also been key. "We recently launched a 100% cashless OPD solution — BeFit —serviced through our IL TakeCare app. We were among the first to launch pandemic-relevant feature of home care cover for customers in 2020," says Sanjay Datta, chief, underwriting, claims and reinsurance, ICICI Lombard. "'Care' has been the guiding principle for our customer-centric initiatives — from our product bouquet to digital/app-driven service interfaces that ensure seamless product utilisation by consumers," Anuj Gulati, MD and CEO, Care Health Insurance.

Health insurance premiums, meanwhile, have jumped 10-15% for the middle-aged, on an average. In some cases, premiums have even doubled for senior citizens. Such premiums allow a tax benefit of up to ₹25,000. An additional ₹25,000 deduction (₹50,000 in case of senior citizens) is available on payment of premiums for parents' insurance.

3. Equity ULIPs beat inflation

Unit-linked insurance plans fetch higher returns compared to fixed deposits, debt funds, NSC and PPF.

Investors compare Unit-Linked Investment Plans (ULIPs) are based on their returns more than anything else. ULIPs are long-term market-linked products that invest in various funds. HDFC Discovery Fund has delivered the best performance among equity funds, with Morningstar Risk Adjusted Returns [MRAR] of 77.15 and 19.25% in one and three years, respectively. Tata AIA Life Multi Cap and Tata AIA Life-Top 200 funds have bagged the next two ranks, offering inflation-beating returns to investors.

HDFC Discovery, a mid-cap fund managed by Nishit Dholakia, has outperformed its benchmark Nifty MidCap 100 by 15 percentage points, with an annualised return of 28.75% since its launch. Tata AIA Life

Multi Cap Fund generated 22% returns since inception vs 13.28% by its benchmark index, and Tata AIA Top 200 Fund, which aims to invest in BSE 200 companies, has beaten its benchmark by 3 percentage points since launch. “We invest in firms with opportunity to benefit from earnings growth and valuation re-rating. We filter stocks based on visibility of long-term growth, credible management and growth at reasonable price valuation methodology to deliver the best risk-adjusted returns,” says Prasun Gajri, chief investment officer, HDFC Life.

“Tata AIA Life Multi Cap Fund follows a bottom-up approach to portfolio construction... Since ULIPs are used to fund long-term life goals, we can stay invested in quality stocks across cycles,” says Harshad Patil, executive vice president and chief investment officer, Tata AIA Life Insurance. “Returns ranging from 8% to 10% should be considered decent. One must look at ULIPs as an investment option that can beat inflation and bring along higher returns than FDs, debt funds, NSC and PPF,” says Raj Khosla, founder and managing director, MyMoneyMantra.com.

HDFC Discovery holds 94% of its portfolio in equities, out of which 16.48% is invested in financial services, followed by pharmaceuticals [8.24%] and chemical products [7.85%]. Tata AIA Multicap Fund and Tata AIA Life-Top200 Fund hold 97.52% and 97.74%, respectively, in equities. Both funds are heavily invested in financial service activities except insurance and pension, with one-fourth of their equity portfolio in the sector. Premiums paid towards ULIP investments are eligible for tax deduction under Section 80C of the I-T Act. Besides, ULIP holders also gain from tax benefits on maturity amount under Section 10(10D).

4. Nominal premiums: The USP of term plans

A must-have in financial portfolio, underpricing has been key to their adoption.

There is no better product than a term insurance plan to take care of the financial needs of dependents after the demise of the bread winner. The USP of term plans is that they charge nominal premiums. Among the leading ones, Bajaj Allianz Life Insurance charges annual premiums ranging from ₹11,976 to ₹39,167 for a ₹1-crore cover, depending on the policyholder’s age [between 30 and 50 years]. ICICI Prudential Life’s Iprotect Smart plan Insurance charges ₹19,075 and ₹49,674 yearly from 30-year-old and 50-year-old policyholders, respectively. HDFC Life Click2Protect Life plan requires a 30-year-old policyholder to pay ₹15,051 annually for a ₹1-crore cover and ₹59,878 for a ₹5-crore cover.

The premiums, however, are set to see a spike soon. Some insurance companies have, in fact, already increased premiums amid high mortality due to Covid-19. “The 25-30% jump is on the back of rising reinsurance rates due to the pandemic-driven higher death rate,” says C.S. Sudheer, founder and CEO, Suvision Holdings. Notably, once purchased, the premium remains fixed for the entire tenure of the term plan, and a hike does not impact the outgo for the policyholder, adds Sudheer.

The best ones dominate in terms of claims settlement as well. HDFC Life Insurance has a 100% death claims settlement rate, with 92% settled within 30 days. Bajaj Allianz Life Insurance follows with a death claim settlement rate of 99% and ICICI Pru Life Insurance with 97%.

“For FY21, the average time taken to settle a genuine death claim was just 1.4 days,” says Amit Palta, chief distribution officer, ICICI Prudential Life Insurance. “Our All-in-One term insurance plan iProtect Smart provides cover against 34 critical illnesses, with the premium remaining unchanged for 30 years,” he adds.

“HDFC Life Click 2 Protect Life offers comprehensive benefits. Income Plus option serves as a means of regular income along with the benefit of life cover,” says Srinivasan Parthasarathy, chief actuary, HDFC Life Insurance.

Payment of premiums towards term insurance allows a deduction under Section 80C. Also, death benefits are fully exempt from tax under Section 10(10D).

(The writer is Abeer Ray.)

TOP

Health Insurance Price Indices Remain Steady in December Quarter: Report – Live mint – 8th January 2022

The health insurance price index remained steady in the December quarter at ₹25,124, reflecting no change in the premium prices of health insurance since the first quarter, according to Insurance Price Index data compiled by PolicyX.com, an insurance web aggregator. In the fourth quarter, an average person of 26 years paid ₹8,274 premium annually for ₹5 lakh sum insured and ₹10,403 premium annually for ₹10 lakh sum insured for the one-adult category.

The health insurance premium does not increase proportionately with the sum insured amount. Quarter 4, 2021 showcases that a 36-year-old male paid ₹9,519 for the sum insured of ₹5 lakh and the same person paid ₹12,183 for the sum insured of ₹10 lakh on an average. In this case, the premium increased only 28% in spite of a 100% increase in the sum insured. Since it has become quintessential to secure every member of the family under health insurance for financial aid regardless of their age, buying a family floater plan stands out as a cost-effective option. The addition of another member in the floater plan leads to a minimal increase in the premium. As per the report, a premium paid for two adults of 36-year-old was ₹13,921 and the premium paid for two adults and one child of the same age category was ₹16,530.

Of the five companies, forming the index, the variance observed in premiums among the health companies is quite high (ranging from 59% to 76% for different age groups) as compared to variance observed in term insurance companies. This is primarily because of the fact that coverage, features, and benefits differ significantly for health insurance whereas term insurance is usually simple with similar benefits in case of death. The premium prices for health insurance are average prices taken from the leading five health insurance companies for all age groups i.e, 26 years, 36 years, 46 years, and 56 years & all coverage types i.e, one adult, two adults, two adults + one child, and two adults + two children. Commenting on the latest report, Naval Goel, founder & CEO, PolicyX.com stated, "Contrary to the constant media reports of price increases, the data shows that very few companies have raised prices and the insurance companies have been benevolent towards customers by increasing premium prices gradually. However, the constant increase in claims has also resulted in the tightening of underwriting norms."

(The writer is Navneet Dubey.)

TOP

INSURANCE CASES

Consumer forum asks insurance firm to pay ₹2 lakh – Hindustan Times – 10th January 2022

Ludhiana District Consumer Disputes Redressal Commission directed an insurance company to pay ₹2 lakh insurance claim along with ₹5500 compensation to the complainant for failing to release an insurance claim to the complainant after her husband's death in a road accident. Madhu Tyagi of Ludhiana in her complaint against United India Insurance Company Limited and Anish Goyal, insurance officer of the company accused the respondents for deficiency of services. Varinder Kumar Tyagi, husband of the complainant was the proprietor of Sidhbali Enterprises, Motia Khan, Mandi Gobindgarh in Fatehgarh Sahib.

The case

Varinder had taken insurance, valid from May 21, 2014 to May 20, 2015, from the said company through their Khanna office. Varinder died in an accident on January 07, 2015. After his death, the complainant was the legal heir of Varinder who had taken the insurance policy for a four wheeler.

A sum of ₹1129 was paid as basic third party liability and a sum of ₹100 was paid towards the insurance cover to the owner and another sum of ₹50 was paid towards insurance cover of driver. In all, a sum of ₹ 2937 was paid as premium and a sum of ₹ 326 was paid as service tax. After the death of Varinder, a case was registered by the Bassi Pathana police station regarding the accident. Thereafter, the complainant lodged the insurance claim regarding the death of Varinder Kumar Tyagi, the driver of the accidental car, but to no avail.

Resisting the complaint, the legal counsel for the insurance pleaded that the claim lodged by the complainant is not payable under the policy in question. "The policy covered only own damage claim i.e. loss of the insured car No.PB-48-A-7876 and its accessories. It also covered the third party loss and the employee of the insured. The policy in question does not cover the driver and owner of the insured vehicle. It was not a personal accident policy. It was only a car package policy," said insurance company.

Consumer forum's order

The commission in its order observed that Varinder Kumar Tyagi was the sole proprietor of the firm and since he was covered under the policy in the case of death by accident to the tune of ₹ 2lakh, the respondents are liable to pay the same to the complainant,who is the legal heir of the deceased policyholder. "Respondents shall pay the claim of ₹2lakh along with compensation of ₹ 5,500 to the complainant," ordered the commission

TOP

PENSION

Employees Provident Fund: No tax on income from deposit up to Rs 7.5 lakh suggested for Budget 2022 – Financial Express – 9th January 2022

Employees Provident Fund (Budget 2022-23 expectation): In Budget 2021, the Government proposed to tax income on Provident Fund (PF) contributions above Rs 2.5 lakh in a year. This limit was further increased to Rs 5 lakh for PF accounts having no contribution from employers. According to the Institute of Chartered Accountants of India (ICAI), this limit is harsh for EPF accountholders planning their own retirement and contributing to PF to maximise their savings.

The ICAI has, hence, proposed that in the upcoming Budget 2022-23, the Government should raise the Rs 2.5/5 lakh limit to at least Rs 7.5 lakh. The Finance Act 2021 amended sections 10(11) and 10(12) of the Income Tax Act to make interest income accrued during the previous year taxable if the contribution by the person exceeded Rs. 2,50,000/5,00,000 on or after 01.04.2021. "It is suggested that proposed limit of Rs 2,50,000 in section 10(11) and section 10(12) of the Act may be reconsidered and may be raised suitably," ICAI said in its Pre-Budget 2022 memorandum.

The issue

The ICAI noted that the Contribution limit of Rs. 2.5/5 lakh appears to be on the lower side. It said that in most cases, interest on employee contributions within 12% of basic salary will become taxable if this proposal is implemented.

"The limit may be reconsidered and maybe hiked appropriately say at least 12% of basic salary or Rs 5 Lakh whichever is higher to protect retirement corpus of genuine middle-class taxpayers to cater in absence of any social security scheme in place," the memorandum suggested.

It further said that the current proposal to levy Income tax on so much of the interest as is attributable to the amount deposited in excess of Rs. 2.5/5 lakh during any of the previous years appears to be harsh on those who plan their retirement themselves by putting in their savings into PF. The memorandum further pointed out that the legislative intent was to prevent the exemption being enjoyed by the ultra-rich who are able to deposit Rs 1 crore per month in PF, however, the limit of Rs 2.5/5 lakh may affect honest middle-class salaried assessees and especially salaried class who may be safely depositing a major chunk of their savings every year to secure their retirement.

Suggesting the Government to reconsider last year's proposal, ICAI said, "It is well known and duly acknowledged by the government that honest Middle Class Salaried assessees are depositing their hard-earned money into PF in order to accumulate a retirement corpus. Government may consider fixing higher limit that enables a middle-class salaried person to build its retirement corpus and also restrict people from taking undue advantage of EEE scheme." "The limit may be raised to at least Rs 7,50,000 in line with the overall exemption limit in respect to employer's contribution to PF and other funds," it added.

Alternate option

The ICAI further said that as an alternative to the above proposal, the Government may increase the PPF contribution limit of Rs.1.50 lakh per person per year so that benefit is available to all sections of society. With this step, "the Government would also have a good long term source of funds. Considering inflation and need for social security for people when they are aged, the limit may be increased further as deemed suitable." The PPF contribution limit was raised from Rs 1 lakh to Rs 1.5 lakh in 2014. However, considering inflation and need for social security for people when they are aged, the limit may be increased further, ICAI recommended.

(The writer is Rajeev Kumar.)

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IRDAI CIRCULARS

Topic	*Reference*
New Business Data as at 31.12.2021 (Line of Business wise)	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4632&flag=1
List of Third Party Administrators As On 13th January 2022	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo3649&flag=1
List of insurance web aggregators [as on 13.01.2022]	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo2337&flag=1
Gross direct premium underwritten for and upto the month of December, 2021	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4628&flag=1
List of corporate agents registered with the authority as on 31.12.2021	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo2818&flag=1

TOP

GLOBAL NEWS

Cambodia: Regulators promote bancassurance in drive to increase insurance penetration – Asia Insurance Review

The insurance regulator has urged insurers, banks, and other financial institutions to cooperate in bancassurance to drive growth in the insurance sector. Insurance Regulator of Cambodia (IRC) director-general Bou Chanphirou said this on 12 January at the signing ceremony of a bancassurance deal between AIA (Cambodia) Life Insurance and Prince Bank, reported The Phnom Penh Post. He said the Cambodian insurance market was still growing rapidly despite COVID. It grew at 8% in 2020 to reach $270m and is estimated to have expanded to $300m in 2021. The IRC recently launched a 2021-2030 insurance sector development strategic plan, covering the short, medium and long term, he said. The short-term strategy over 2021-2023 defines an insurance distribution system with a particular focus on distribution through bancassurance.

The National Bank of Cambodia (NBC) has also issued a circular on bancassurance to define the regulatory framework for banking and financial institutions involved in bancassurance, so as to boost financial inclusion in the Kingdom. Mr Chanphirou said there are 40 insurers in Cambodia and 27 banks conducting bancassurance. Stressing the importance attached to insurance, Mr Rath Sovannarak, the director-general of the NBC's Banking Supervision Department who also spoke at the signing ceremony, noted that the insurance sector is taken into account in broader financial industry promotional efforts in line with Financial Sector Development Strategy 2016-2025 and National Financial Inclusion Strategy 2019-2025.

TOP

Australia: Regulatory changes, COVID and cyber are among issues faced by insurers this year - Asia Insurance Review

Following the slew of regulatory changes implemented in 2021, 2022 will be the year in which insurers learns how to work with the new regulatory regime, and for ASIC to initiate some high-profile licence condition or enforcement actions to test the new regime.

Mr Jonathan Newby, a partner of Australian legal firm *Colin Biggers & Paisley, says this in a section on Australia in the* "Annual Insurance Review 2022" published by the London-headquartered international law firm RPC. Mr Newby says that the shadow thrown by COVID is likely to remain despite the opening of internal and external borders and the national vaccination rates hitting 90%.

A number of major BI claims remain on foot and there were reports late last year of others being initiated as plaintiff firms gathered class action members. There has also been much talk of a public inquiry or Royal Commission into the handling of COVID by Federal, State and Territory Governments, which will be watched closely by insurers in anticipation of claims or class actions that could potentially result. Cyber-attacks will continue to be one of the top risks for organisations and cyber insurance demand will continue to increase. 2022 will see the introduction of a regulatory framework by the Australian Government around this.

The Security Legislation Amendment (Critical Infrastructure) Bill 2020, which has been passed, will be split into two so that government intervention into cyber security incident responses can be progressed urgently. The Bill seeks to enhance the regulatory framework to address serious cyber security incidents to infrastructure which include gas pipelines, banking institutions, electricity assets, enabling an emergency hatch for government intervention into cyber security incident responses. Under the Ransomware Payments Bill 2021, entities intending to make a ransom payment (excluding those with an annual turnover less than A$3m [$2.2m]) will be required to notify the Australian Cyber Security Centre (ACSC) of key details giving the ACSC clearer oversight into attacker trends and the impact on the economy.

Other developments

Mr Newby adds that the insurance sector as a whole continues to face the challenges of a hardening market and the financial impacts of COVID, erratic climate events and fierce competition keeping downward pressure on pricing. There are rumours of M&A activity in the sector within 2022 which could see some consolidation in the market. Insurers will continue to look at innovative business models and investment in InsurTech to control costs, drive efficiency, and maintain market share.

TOP

Reinsurance: Prolonged inflation could weaken reinsurers' credit profiles - Asia Insurance Review

Reinsurers' credit profiles could be weakened if current high levels of inflation persist as the world emerges from the coronavirus pandemic, Fitch Ratings says in a new report.

The reinsurance businesses that would be most affected include long-tail lines, such as general liability, medical malpractice and workers' compensation, and excess-of-loss reinsurance treaties with fixed deductibles.
Consumer price inflation (CPI) across Europe and the US, the two most important regions for reinsurers, has accelerated since 2Q2021 due to a sharp economic rebound, loose monetary policy and supply chain disruption

High inflation
Fitch's base case is for high inflation to be short-lived, but if inflation significantly exceeds expectations over the next two years or more, reinsurers could face margin pressure in their short-tail business lines and reserve deficiencies in their long-tail lines.

Higher CPI is leading to higher claims inflation in reinsurers' short-tail business lines due to rising repair costs for buildings and vehicles. Reinsurance prices are increasing accordingly but may struggle to keep pace if high claims inflation persists, particularly if pricing again becomes as competitive as it was in recent years.

A short-lived period of high inflation should not materially affect reserve adequacy for long-tail business lines, such as motor liability, workers' compensation or directors' and officers' insurance. The reserves are long-term and we believe they already allow for a relatively high level of future claims inflation. However, if high inflation persists - or if reinsurers start to expect it to persist – then reserve deficiencies could arise on some long-tail business classes. The profitability of workers' compensation insurance in particular could suffer if medical costs rise significantly given that premium rates for this business line have recently been flat or declining.

TOP

Thailand: Regulator outlines five challenges insurers face in 2022 - Asia Insurance Review

The Thai insurance sector faces five main challenges in 2022, according to Dr Suthiphon Thaveechaiyagarn, secretary-general of the Office of Insurance Commission (OIC).

He says that these challenges are:
Economic: The concerns include low interest rates, the contraction of the Thai economy and the increase in household debt that inevitably affect the operating results and purchasing power of the people;

Social: The insurance sector will have to cope with an aging society, and increases in the cost of medical care in Thailand; as well as consumers turning to online channels for transactions resulting in the need to introduce new products and digitalise;

Technology: Insurers need to adapt and adopt technologies such as smart devices or IoT applications in their insurance product offerings. In the next phase, insurance companies will use AI and data analytics to help analyse risks, underwrite insurance. and settle claims;

Environmental: New risks will emerge including pandemics such as COVID-19, global warming, etc. The ESG trend is considered to be very strong;

Legal: The Thai insurance industry is in the process of revising rules, including IFRS 17, which will come into force in 2024. The Personal Data Protection Act, which will take effect in June 2022, will affect the insurance business.

Insurers will also have to monitor the ongoing COVID-19 situation and be ready to deal with new developments related to the pandemic, including rehabilitating companies that face problems.

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