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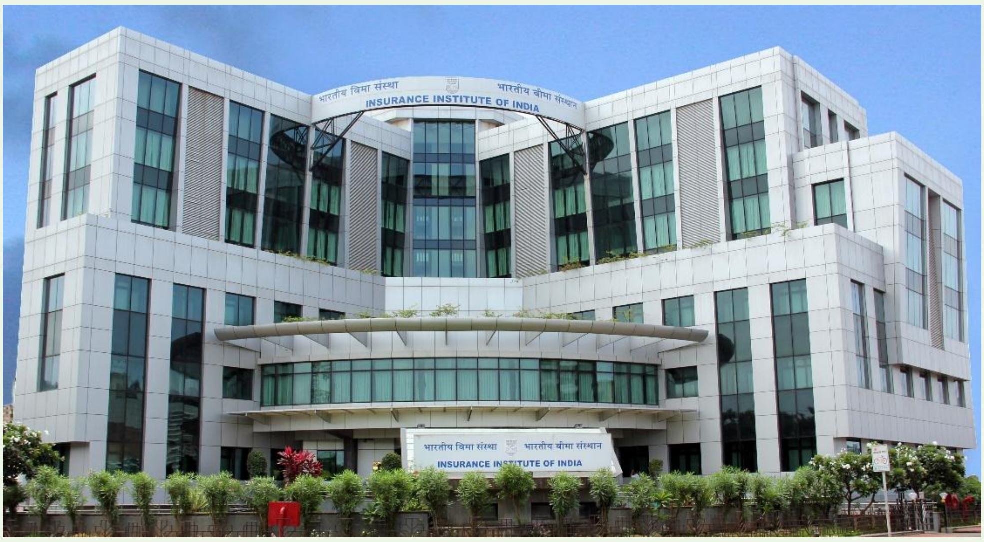

QUOTE OF THE WEEK

“Human progress is neither automatic nor inevitable... Every step toward the goal of justice requires sacrifice, suffering, and struggle; the tireless exertions and passionate concern of dedicated individuals.“

Martin Luther King, Jr.

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Bancassurance

Definition: Bancassurance means selling insurance product through banks. Banks and insurance company come up in a partnership wherein the bank sells the tied insurance company's insurance products to its clients.

Description: Bancassurance arrangement benefits both the firms. On the one hand, the bank earns fee amount (non interest income) from the insurance company apart from the interest income whereas on the other hand, the insurance firm increases its market reach and customers. The bank acts as an intermediary, helping insurance firm reach its target customer in order to increase its market share.

Source

INSURANCE INDUSTRY

Claim tax deduction for GST paid on insurance premium – Financial Express – 11th March 2020

Under Section 80C and 80D of the Income Tax Act, 1961, taxpayers are allowed to claim tax benefit on premiums paid for life insurance and health insurance plans. This helps to promote the habit of investing in an insurance policy among people. While most people are aware of the tax benefit on premiums paid for insurance, they are unfamiliar with a similar benefit for GST paid on insurance premiums. In other words, taxpayers can avail tax benefit on insurance premiums as a whole, including the GST paid as per the policy.

Before buying an insurance policy, it is important to compare prices across various policies. On top of the cost-specific elements of insurance premium such as mortality amount, the insured person also needs to pay Goods and Services Tax (GST). The applicable GST rate will depend on the type of insurance policy that you have chosen.

Benefiting from tax exemption on GST

A person who avails services from a supplier is liable to pay GST along with the actual value of the service. A taxpayer can claim tax benefits under Section 80C and 80D on the entire amount paid as premium for the continuation of an insurance policy. Since the policy would cease to be active without the payment of GST, a taxpayer can automatically claim the entire amount, including GST as tax deduction under insurance policies. Make sure that you keep the documents related to premium payment, showing both GST and premium paid towards your insurance policy as a valid proof.

The amount paid as GST qualifies for tax exemption subject to the limit available for investment under a particular section. For instance, let's consider a person A has a life insurance plan with an annual premium of Rs 10,000 to which a GST of Rs 1,800 is levied. Hence, the total premium comes to Rs 11,800, which can be claimed as tax deduction under Section 80C for premium paid towards an insurance policy. Similarly, if a person B has a health insurance policy with an annual premium of Rs 8,000, he will pay GST of Rs 1,440. The total premium comes to Rs 9,440, which can be claimed as a tax deduction under Section 80D.

Category	GST rate (%)	Applicability
Term plan	18	On entire premium
ULIP	18	On premium amount minus investment amount
Health insurance	18	On entire premium amount
Endowment plan	18	On 25% of the total premium for first year and on 12.5% of the total premium for subsequent years
Add-on Riders	18	On entire premium amount
Single-premium annuity policy	18	On 10% of total premium

In spite of increasing the overall price of insurance policies, GST has increased the competition among insurance companies. In order to attract new buyers, insurers are taking various steps such as lowering prices by minimizing expenses pertaining to policy and other similar factors that add up to the total cost of the policy. Moreover, to stand out from other competitors, insurance providers might start adopting technological advancements to simplify the process of purchasing insurance policies or filing of claims.

Altogether, the implementation of GST has been beneficial for buyers, who limited their criteria to pricing while making the decision to buy an insurance policy. The proper use of technology can allow an insurance buyer to pick the right insurance plans, be it health or term insurance plan that offers protection to your loved ones against any unprecedented events.

(The writer is Kapil Rana.)

TOP

Source

Financial planning: Work on financial plan that utilises tax incentives - Financial Express – 28th February 2020

For a financially meaningful and successful life everyone needs to undertake interim or long-term financial planning. However, the first basic requirement is to start early and spend some time in identifying one's financial obligations. One must evaluate available resources vis-à-vis the objectives relevant to the present as well as the future.

Financial planning is a serious business and requires sufficient sensitivity about one's responsibility towards one's life partner, children and also parents. The exercise also requires fairly good knowledge about various financial tools available in the market for saving or growing one's funds. The fund comes through earning but the fund flows out through various channels, unless the outgo is filtered and a portion of it is retained to be deployed in financial instruments which lead to accumulation as well as growth.

Use various financial tools
Planning for making use of various financial tools is required because for everybody tomorrow's responsibility is higher than what it is today. By undertaking a prudent financial planning a young man or woman is able to make use of various components of the financial market for securing future of one's loved ones, fulfilling dreams be it finest education for children, a dream holiday or a lakeside weekend home. One's dream could also include a very comfortable old age and long term care at the house itself for the parents. One may even think of a very secured and enjoyable retired life for himself.

For financial planning one must make an informed decision in the context of relief provided by the government for enabling people to comfortably provide for financial security for themselves. Such provisions in taxation laws motivate people to widen their savings horizon for reaping various financial benefits by way of planned accumulation or the financial protection when it is needed most. Good planning, therefore, enables one to meet various challenges at different stages in life and also to maximise growth of fund and minimise impact of inflation.

Financial planning & income tax

In India, traditionally the last quarter of the financial year is the time when most people think of financial planning and initiate activities. In the Income Tax Act, various sections such as 80C, 80D, 10(10)D, 80CCC, 80CCD, 80TTA, etc., provide very attractive incentives for those people who want to save and invest money for future.

Sometimes a plan by somebody may become irrelevant in future due to change in one's circumstances. In such a situation one need not hesitate to give a relook to one's investment and insurance portfolio. The financial market is intermittently volatile and factors like inflation, government policy, and the rate of growth in GDP etc. continue to upset the given scenario. Hence an individual has to be alert about his financial portfolio and adjust various investments accordingly from time to time. Life insurance products are however quite inflexible hence one must spend fair amount of time in choosing the policy that suits him. Studying and selecting various insurance plans should be considered a serious activity.

Those who are currently considering buying life insurance or pension plans need to be very careful and look at the features of the plans meticulously. Otherwise one can end up with buying a liability instead of financial security or an asset.

Since one's financial portfolio needs periodic review, one must maintain the records very meticulously otherwise there is a high possibility of losing good opportunities for discarding or enhancing investments. The essence of financial planning is that money is always scarce and a dormant asset till it is deployed in purposeful investments or instruments which ensure financial strength to one when it is needed most.

(The writer is Mr. Kamalji Sahay, former MD & CEO, SUD Life.)

Source

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INSURANCE REGULATION

Coronavirus Outbreak: Expeditiously attend to claims, IRDAI asks insurers – Financial Express – 11th March 2020

With the spike in confirmed Coronavirus (COVID-19) cases reported in India, the Insurance Regulatory and Development Authority of India (IRDAI) has asked insurers to expeditiously attend to claims for treatment of Coronavirus.

To alleviate the hardships that policyholders may face to get Coronavirus claims settled, the insurance regulator has issued guidelines to health insurance companies and instructed them that the costs of admissible medical expenses during the course of treatment, including the treatment during quarantine period, should be settled in accordance to the applicable terms and conditions of policy contract and the extant regulatory framework.

According to the guidelines, where coverage is granted for treatment of hospitalisation expenses, all claims reported under Cronavirus shall be handled as per the following norms:

Where hospitalisation is coerced in a product, insurers shall ensure that the cases related to Coronavirus disease (COVID-19) shall be expeditiously handled.

The costs of admissible medical expenses during the course of treatment including the treatment during quarantine period shall be settled in accordance to the applicable terms and conditions of policy contract and the extant regulatory framework.

All the claims reported under COVID-19 shall be thoroughly reviewed by the claims review committee before repudiating the claims.

Taking note of the guidelines, Prasun Sikdar, MD & CEO, ManipalCigna Health Insurance said, "With the rising number of confirmed and suspected Coronavirus cases, our top priority is the safety and service of our customers, clients, employees and partners. Our comprehensive health insurance plans continue to cover medically necessary treatment associated with Coronavirus or similar such diseases. We would also like to assure our policyholders that we will prioritise the assessment of claims related to the treatment of Coronavirus and will be claimable to the full extent of the coverage available under our health insurance plans as per the terms and conditions of the policy contract."

As insurers use to introduce products for various specific diseases including vector borne diseases in order to provide need based health insurance coverage, IRDAI has also advised insurers to design products covering the costs of treatment for Coronavirus for the purpose of meeting health insurance requirements of various sections.

(The writer is Amitava Chakrabarty.)

TOP

Source

Hike in Third Party Insurance premium proposed by IRDAI– Check how much you may pay for your vehicle – Financial Express – 6th March 2020

For some car owners, the premium towards insurance may go up while for two-wheeler owners, the hike in premium could be for all segments. The Insurance Regulatory Authority of India (IRDAI) has released a draft on the new Motor Third Party (TP) Liability rates for the financial year 2020-21. The new TP rates are revised each year by IRDA and since 2011, they are released at the start of the financial year. The rates are declared for different categories of the vehicles. As of now, the rates are proposals by IRDAI, while the final notification of the TP rates will happen at the beginning of the new financial year.

For the private car segment, the regulator has proposed to keep the TP premium rate constant only for cars that have an engine with a capacity exceeding 1500 cc. For cars with engine capacity of less than 1,000 cc, the TP rate may go up from Rs 2072 to Rs 2182, while for those cars where the engine capacity is exceeding 1000cc but below 1500cc, the rate may go to Rs 3383 instead of the current rate of Rs 3221.

For the two-wheeler category, the premium rate is proposed to be increased across the segment. The premium on two-wheelers not exceeding 75 cc engine may be increased from Rs 482 to rate of Rs 506. For the two-wheelers exceeding 75 cc and below 150 cc, the current rate of Rs 752 may be increased to Rs 769. Similarly, for the two-wheelers exceeding 150 cc and below 350 cc, the current rate of Rs 1193 may be increased to Rs 1301 and for the two-wheelers exceeding 350 cc, the new rate may be Rs 2571 instead of the current rate of Rs 2323.

The two major components in a motor insurance policy are – Third-party Insurance (TP) and Own Damage (OD) Insurance. As per The Motor Vehicles Act, 1988, it is compulsory to insure one's vehicle with TP insurance cover before plying the vehicle on the roads. Only the TP premium is set by IRDAI each year while the OD premium may vary across insurance companies.

The Motor TP premium rate chart (Proposed for Financial Year 2020-21)

	Existing Rates (Rs) FY 2019-20	Proposed Rates (Rs) FY 2020-21
	Private Cars	
Not exceeding 1000 cc	2072	2182
Exceeding 1000 cc but not exceeding 1500 cc	3221	3383
Exceeding 1500 cc	7890	7890
	Two Wheelers	
Not exceeding 75 cc	482	506
Exceeding 75 cc but not exceeding 150 cc	752	769
Exceeding 150 cc but not exceeding 350 cc	1193	1301
Exceeding 350 cc	2323	2571

(The writer is Sunil Dhawan.)

Source

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LIFE INSURANCE

How Life insurance can help your financial goals - Financial Express – 12th March 2020

Life insurance plans are financial instruments that primarily provide protection against financial risks. There are two types of financial risks that need to be protected against – untimely death and old age. The untimely death of a breadwinner places a family at a risk for future livelihood expenses and during retirement years the income-generating capacity of an individual reduces. Thus protecting future income is very critical.

Insurance companies also provide bundled products as a combination of protection and savings. These products help customers create a corpus for expected future needs.

Investing in a life insurance product also comes with lucrative tax advantages. Premium paid towards life insurance plans can qualify for tax exemption under Section 80C of the Income Tax Act. In most plans, the maturity benefits received also qualify for tax exemption under section 10(10)D. These policies come with the attractive EEE tax exemption benefits.

The various types of life insurance policies that can help the various needs of the customers are as follows:
Pure Term Plans: Term insurance helps in protection against loss of income from the breadwinner, there are no savings involved. These plans provide a higher risk cover for the family in return for a comparatively lower premium. Return of premium plans are a special kind of term plans where the premiums paid are returned on maturity and it also provides a surrender value. For some customers, this may offer better value. Adding riders to the plan also adds benefits to cover additional risk events at a very low cost.

Traditional Endowment plans: Provide returns after a fixed duration. These plans come with a low risk of investment. There are several plans under this category that can help an individual plan for future needs like child education, marriage, retirement, etc. The risk component of the plan helps secure the savings for the future need in case of an unforeseeable event. Another variation is the money-back plans which pay survival benefits at a set time frame during the term of the plan; providing additional liquidity to the customers.

ULIP plans: These plans are more suited for customers with higher risk-taking ability. Here the savings are invested in equity markets similar to the mutual funds.

Annuity/Pension Plans: Pension planning helps the customers develop a corpus of funds that can be used for retired life. Annuity plans help provide customers a fixed return on the pension corpus for life. These plans are very useful to provide a regular fixed stream of income during the retirement years.

There are several factors to be considered before a customer decides which policy to buy, such as personal needs, income level, risk appetite, current life stage, future needs, etc. Life Insurance policies can seem very daunting and confusing to understand, which is why one must be very clear on its terms and conditions and all the benefits it is offering.

Insurance plans are crucial for all segments of the society including the mass market with lower income ranges. Financial protection is critical for this segment where the loss of a breadwinner can lead to financial catastrophe. Insurers need to use technology and innovation to provide sustainable solutions for these customers.

(The writer is Casparus Kromhout.)

Source

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Why term life insurance premiums may see a correction in the near future – Mint – 10th March 2020

In the classic book, *Against the Gods: the Remarkable Story of Risk*, American economist Peter L. Bernstein iterates that the revolutionary aspect which delineates the boundary between modern times and the past is the mastery of risk. Insurance and reinsurance help in the mastering of risk of any sort by the modern societies.

From managing financial losses in the aftermath of natural catastrophes such as earthquakes to protecting industries against man-made catastrophes such as terrorism, reinsurance helps insurers by providing the financial capacity for sharing of risks, and plays a pivotal role in global risk management. Almost 80% of the insurance cover is backed by the reinsurer; hence, they have the right to determine the price along with the insurer.

Mechanism of Life Insurance
As any other form of insurance, life insurance is based on three concepts: pooling many exposures into a group, accumulating a fund through premiums and paying from this fund for the losses of those who die each year. That is, life insurance involves the group sharing of individual losses. To set premium rates, it is important for an insurer to be able to calculate the probability of death at various ages among its insured, based on pooling. But in India, mortality rates still work on an assumption.

Today's term insurance prices work on a key assumption that the rate of mortality of the pool of customers, which can be enrolled under the current term insurance plans, will be approximately one-fourth of the death experienced for the average Indian population. However, if we go one level deeper, the online prices are cheaper as they are built on the mortality assumption of one-fifth or 20% of the average Indian customer. This is because online caters to a more affluent segment of customers and, hence, better life expectancy. Offline prices which are higher than online are built on the back of mortality assumption being roughly one-third or 33% of the mortality rate of the average Indian population.

The current prices are an outcome of this base assumption, which is now getting challenged as there has been a consistent rise in incidences of claims. This has led to both Indian and global reinsurers taking a cautious stance as far as providing covers is concerned. There is a vivid difference between the early trends and the actual mortality experience, which is a clear indication of why term prices will get expensive. At an individual insurance company level, this trend may not be credible yet, but when reinsurers look at the results for all the companies together, they seem more credible. If reinsurers revise the rates for life insurers, the insurance companies may be forced to revise the end price for the term plan customer.

Price Comparison

Insurance runs on the principles of risk and probability. Both risk and probability can be ascertained by information and experience that is available to insurers about the target masses. The more accurate the available information is, the lower is the risk and more accurate the estimation of expected deaths.

Over the last decade, term prices in India have come down. If we were to compare these prices with developed countries like the US, Dubai and Singapore, they are actually lower. Competition in the Indian insurance marketplace is a key reason for lowering of prices and this is perhaps the best time for customers to buy term insurance. On an average, the premium rates of term policies are about 30% higher in the US and Singapore, according to data from Quotacy.com, a US-based insurance aggregator, and Singlife.com, a Singapore-based insurance company.

A comparison of term insurance premiums offered by three prominent insurers in India, the US and Singapore for a 30-year-old non-smoker male, with a total sum assured of ₹2 crore over a term of 35 years, will give you an idea. For India, Edelweiss Tokio Life Insurance charges an annual premium of ₹14,042 (the cheapest in India); in the US, US Life charges $311 or ₹22,177; and in Singapore, Singlife charges a premium of $415 or ₹29,591.

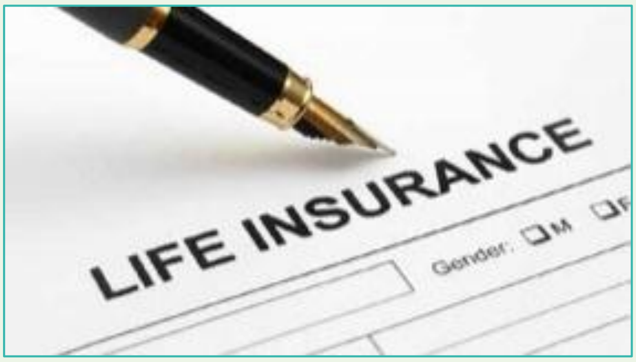
The current term insurance prices in India are actually unsustainable. As reinsurers increase their cost price, life insurers will take strategic calls on term insurance pricing through trade-offs between profitability and price. Since life insurance companies depend on term insurance—they are a major source of profitability in the long run—the likely outcome is price increase for customers. We should see some degree of premium rate correction in the near future with all key brands adjusting to the new reality over the next three to 12 months.

(The writer is Santosh Agarwal.)

TOP

Source

Women Empowerment: More and more Indian women are now buying life insurance – The Indian Express – 9th March 2020



In the early ages, women were reduced to merely being a child-bearer and a caregiver to all whereas finances were dismissed as 'matters of the men'. However, over the past two decades since the first wave of economic liberalization, India has seen a great deal of not just economic change but linked societal change as well. As the new shift has taken place in the last decade, there have been more women taking the responsibility of being a primary earner, while also shouldering all other domestic responsibilities.

There has been no set reason why the shift came into play, but there are a number of theories and a rationale behind the evolution towards a better economical curve. And the truth is that a lot of women are taking their own financial decisions when it comes to savings and investments. This attitude, to a larger extent, has made an impact towards growth in buying life insurance as well.

Rise in the number of Women life insurance
Lately, there has been an upright increase in the number of woman life insurance advisors and buyers. Considering the rise in the number of women investing in life cover products, Insurance Regulatory and Development Authority of India (IRDAI), took note of their contribution to this industry in its latest annual report of 2018-19. As per the data, women account for 48 per cent of the total population in India out of which their share in FY 2018-19 has increased to 36 per cent in terms of the number of policies and 37 per cent in the first-year premium compared to 32 per cent on both counts in FY 2017-18. Their contribution to the economic activity of the country is quite significant and is increasing every year.

The total number of policies sold in the year 2018-19 stands at 2.86 crore, with a first-year premium (FYP) of 97,690 crore. Out of the number of policies sold, women accounted for 1.03 crore policies in FY 2018-19 (90 lacs in previous fiscal) with an FYP of Rs 36,525 crore in FY 2018-19 (29,801 crore).

As when it comes to finances, more and more women, particularly in the cities, are becoming financially independent and becoming equal contributors to the household budget. It will be incorrect to underestimate women from rural or tier-2 cities. As interestingly, the participation of women from tier-1 and 2 towns is higher than that of tier-1. Women consumers from the rural market have become more aspirational and discerning than ever, and are keen on buying life insurance products. As per the data of all the policies bought by the women, more than one-third came from three states – States, West Bengal (16.51 per cent), Uttar Pradesh (10.53 per cent) and Maharashtra (10.16 per cent).

The trend of women opting for life insurance is indicative of the data that women are now more aware of their contribution to the family and looking for life insurance solutions to secure their family goals. However, even if there is an increase in the share of women towards life insurance in the last few years. There are still many women who do not consider insurance products and plans with any degree of seriousness.

How does life insurance help women?
Life insurance plans are great instruments for protection and long-term savings and can benefit women in many different ways. It can be counted as a safety net for the family aiming at protecting your income or your family in case of any emergency. Also, helps in providing your family with the funds to pay off debts (if any) in the case of your premature death or disability.

If we look at our current state of lifestyle, it is quite easy for any of us to get diagnosed with serious illness, receive a sudden injury or even die. Having a life insurance can help you protect against all these scenarios as should your family lose your income, their life standard remains protected.

So, how does one go about assessing what sort of insurance plans to consider? Let us start from the beginning.

Options to Look-out for
If you have any dependents — aged parents and siblings — then it is imperative to have a term plan in your insurance basket. A term plan is a plan that gives your nominees a certain corpus of money in case of death occurring during the policy period. This ensures that your surviving dependents can live the same lifestyle even in the unfortunate circumstance of your death. For women planning to buy term insurance, there are 2 options available. While working women can buy individual term insurance, house makers can go for joint term insurance along with their spouse.

Once you create a safety net for your family, you need to plan ahead in order to achieve a better life. As being economically independent not only makes you feel confident but also helps in fulfilling your goals, even after you retire. And for this, you need to have a strong retirement corpus. But, have you ever stopped to calculate how much exactly it would cost you to achieve that desired lifestyle?

To achieve desired goals at the right time-frame ULIPs were introduced in the market. It is a great investment idea for aggressive investors which provides them with dual benefit of market linked return and life insurance cover rolled in one. In fact, nowadays ULIPs is highly chosen product for people looking for financial backing for their goals. Thanks to the power of compounding due to which investment in equities for a long term allows money to grow far higher ensuring ample future savings.

The wealth created by investing in ULIPs will serve you in achieving your future financial goals such as education of your child, buying a car or home, retirement plans or other goals of your life. Let's try to make you understand the power of compounding of ULIPs by giving you an example. If at the age of 30 you start investing Rs 5,000 p.m. in ULIPs for approximately 30 years, you will be investing only Rs 18 lacs. However, after 30 years your money will grow to Rs 1.76 crore (at the rate of 12 per cent) giving you the power to achieve your financial goals.

(The writer is Santosh Agarwal.)

Source

TOP

The truth is women make better investors. Here's the reason why - The Economic Times – 8th March 2020

In today's world, the role of a women has undergone a sea change compared with yesteryears and is making its greatest impact in society. Earlier a women's contribution to society was limited and controlled by men. However today, women are standing tall and playing a major role in various arenas like politics, defence, sports, IT, finance, business and law. Given this changed world, financial equality and independence is imperative for women and more so for the ones who are seeking to have a life of prosperity, build wealth and meet their short-term and retirement goals.

Thus, being cognizant of the importance of investing and possessing the right investing skills is key, be it for a homemaker, or a professional or an entrepreneur.

However in reality, the narrative here is very different when it comes to women investing, as the stereotype belief still runs that men do the investing and women usually do the saving bit. Besides women are perceived not just unwilling to invest, but are also less aggressive than their male counterparts.

When it comes to investment or personal finance planning spectrum, most women still rely on their husbands/father to go about their investments or financial plans.

Several studies have shown that women's portfolio outperform their male counterparts because of the inherent qualities that women possess by nature, that differentiates them from male investors in their approach of investing. Women are usually more risk conscious, willing to acknowledge and research what they don't know and 'slow and steady wins the race' broadly sums up their investment approach.
They would generally prefer to participate in safer and less volatile investments with consistent track records.

Besides women have more long-term investment perspective than men and hence trade less frequently. Today, it's important that we change this old school of thought and try and understand the importance of investing more profoundly from a woman's standpoint.

Why should a woman look at investing?
First and foremost, it's important for women to be able to achieve a sense of financial equality and independence. Women need to acknowledge that managing one's own and the family's finances is not rocket science. It can be mastered with a little bit of patience, effort and an open mind. Women should not

shy away from holding and operating bank accounts, trading accounts, demat accounts and holding assets in their own name. If a woman is earning less or thinks 'she doesn't possess the aptitude for investing, she can start with a small systematic investment plan. In fact investing is one of the best ways for women to ensure that they have the potential to accumulate the same amount of wealth as men.

Investing is unarguably one of the best tools for a woman to accomplish her financial goals which may vary from sending your kids to school/college, a holiday, save up an emergency fund, saving for a large expenditure such as buying a house or for a wedding, saving for retirement or just grow your overall wealth.

As we know, to draw an everyday parallel, most of the women would go to great lengths to plan a balanced diet for their family and ensure the physical wellbeing of their families. Having a well-balanced savings and investment portfolio is also equally crucial in ensuring one's own and the family's financial wellbeing.

Savings and investment are indeed two parts of the same coin. As a thumb rule, a typical household should try and save about 25-30 per cent of income. But it does not end there, savings stashed away under mattresses will earn nothing, and their value will erode over, as inflation reduces purchasing power.

Similarly, savings invested in physical assets like gold will appreciate over time, but will provide no returns in the interim. Consequently, it is important to ensure that one's savings are invested in a well balanced portfolio.

This brings us to what can be succinctly put as the three Ps of Investing.

Investing for Protection: Life insurance policies are important to protect a family's income in the event of death of the women irrespective of whether she is a home maker or a professional. It is also important for women to invest in protection products to meet unforeseen contingencies. This would primarily entail purchase of health insurance to cover potential illness and hospitalization costs. It may also be prudent to have coverage against terminal illness, in case one's ability to work is permanently impaired.

Investing for a Purpose: The second tenet of investing stands for investing with a purpose or goals based investing. The goals may range from one's retirement to children's education or planning for large ticket purchases. A woman needs to understand the power of compounding, the earlier she invests, the more wealth she can accumulate to achieve her goals.

Investing in the right product: Finally, it is important to choose the right product depending on one's risk appetite, goals and time horizon. A long term goal is best met with investment in equities while a short term goal may be met through investment in debt funds. One can also allocate a small portion of their portfolio to physical assets such as gold which may be held through gold bonds which also pay nominal interest. More importantly, it's important for a woman to remain committed to her investment strategy and not panic to drops in investment values which are usually in a constant state of flux.

(The writer is Jyoti Vaswani.)

TOP

Source

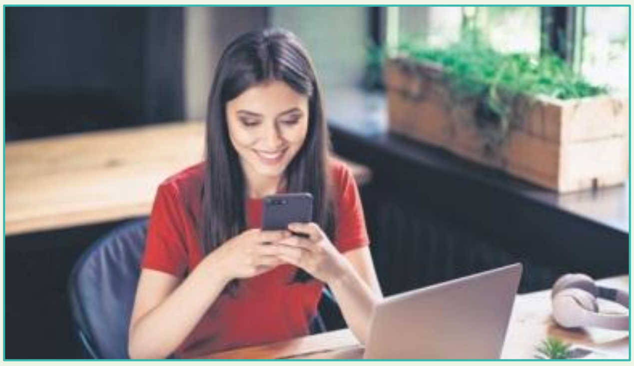
Why life insurance is cheaper for women – Mint – 8th March 2020

Until a few years ago, the income tax slab rates for men and women were different; the basic exemption limit for women was slightly higher. Even now, many states charge a lower stamp duty rate from women if a property is being registered in their names. While these were social welfare moves by the government, financial institutions also price some products differently for women. Some of these benefit women but others don't, as the pricing is based on their risk perception in terms of life expectancy, health parameters and attitude towards money.

We tell you how banks and insurance companies perceive women in terms of risk and how that affects the pricing of their products for them.

Lending rates

Typically, there is no difference in criteria, when it comes to evaluating the loan eligibility of a man or a woman borrower. “For all loan applications, irrespective of the gender, lenders consider income, credit score, age, job profile, employer and location of the applicant," said Radhika Binani, chief product officer, Paisabazaar.com, an online marketplace for loans and credit cards.



However, lenders charge a lower interest rate from women for certain types of loans. “Some lenders charge lower rates on home loans, car loans and education loans to women borrowers or those with female co-applicants primarily for two reasons. First, it helps in increasing the financial empowerment of women. Second, lenders usually consider women to be more reliable when it comes to repaying loans and find them better at managing money. Hence, a woman as a loan’s primary applicant or co-applicant reduces the credit risk for the lender," said Binani.

For instance, in case of a home loan, State Bank of India offers a concession of 5 basis points (bps) in home loan rates to women borrowers. One bps is one-hundredth of a percentage point. Similarly, Canara Bank offers 0.50% concession in the rate of interest for girl students in the case of education loan.

Insurance premiums

There are various factors that insurance companies consider before issuing you a policy. “Insurance companies work on risk-based pricing, which assesses the insured for morbidity risk, mortality risk and/or accidents," said Shreeraj Deshpande, chief operating officer, Future Generali India Insurance Co. Ltd.

Given that these factors vary for men and women, the premium rates are also different for them. For instance, for a 36-year-old non-smoker male, ICICI Prudential Life Insurance Co. Ltd is offering a term insurance of ₹1 crore for the next 40 years at a premium of ₹15,983 per annum; with other things remaining constant, a woman will have to pay ₹13,943 per annum, 12.76% lower than a man, for the same policy. This is because the life expectancy figure is higher for women.

While longer life expectancy brings down the premium for women in case of life insurance, it adversely impacts the premium for a health insurance policy. “Women tend to live longer than men, according to the latest statistics available, the life expectancy for women in India is 70.4 years, while for men it is 67.8 years. This means that women require healthcare for a longer period of time than men," said Subramanyam Brahmajosyula, head, underwriting and reinsurance, SBI General Insurance.

“Research has also shown that women tend to have more chronic conditions and tend to visit doctors more frequently. Reproductive health-related claims, including maternity claims, would need to be factored in while deciding the health insurance premiums," added Brahmajosyula. This is why some health insurance companies have a higher premium for women compared to men.

When it comes to critical insurance policies that cover life-threatening critical illnesses such as cancer, stroke and heart attack, the premiums are even higher for women. “Apart from the reasons mentioned before, it needs to be noted that critical illnesses policies cover cancer and two forms of it (breast and cervical cancer) solely impact women. Incidents of mortality due to breast and cervical cancer in India are among the highest in the world. This has a direct impact on the premiums for critical illness policies," said Brahmajosyula.

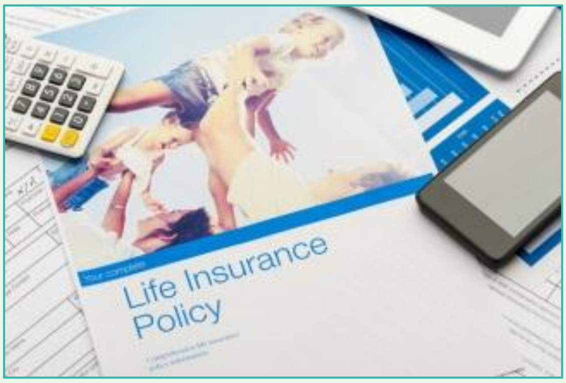
As a result there is a huge difference between the premium charged for a critical insurance policy from men and women. For instance, HDFC ERGO General Insurance Co. offers a critical insurance policy (especially for cancer) with a sum insured of ₹50 lakh at a premium of ₹6,879 per annum to a non-smoker man aged between 36 and 40; all things remaining constant, for the same policy, a woman will have to pay ₹16,918 per annum, which is 146% more than the premium for a man.

(The writer is Ashwini Kumar Sharma.)

TOP

Source

Life insurance: Total disclosure alone helps - The Tribune – 7th March 2020



I am seeking information on behalf of a friend who lost her husband last year. A year before his death, he had insured himself for Rs20 lakh. However, the insurance company has rejected her claim saying that her husband had not disclosed that he was suffering from a heart ailment at the time of buying the policy. My friend has two children to bring up and really needs that money. Can she go to the consumer court for help? What are her chances of winning?

You must know that a contract of insurance is based on utmost good faith and it is expected of the consumer buying a policy to disclose all material facts pertaining to his health and answer all the questions in the policy application form, truthfully and honestly. Failure to do so can lead to the insurance company denying the benefits of the policy to the claimant.

However, under the Insurance Act, the insurance company has to prove that (a) the policyholder concealed information that was within his knowledge or that he was aware of what he was concealing and (b) that such information was material or crucial for the policy and had a direct bearing on the risk undertaken by the insurer.

The Insurance Act also gives insurance companies three years to call into question any policy on the basis of suppression of material facts. After the completion of three years from the date of the policy or the commencement of the risk, the insurance company cannot reject a claim on grounds of suppression of material facts. In your friend's case, from what you say, the policy is only two years old, so that advantage will not be available here.

If your friend's husband was not aware of the pre-existing disease at the time of purchasing the policy or the existing disease had not been detected or diagnosed, then she can get the insured amount through the intervention of the consumer court.

According to my friend, her husband was aware of the health issue and even informed the agent who filled the form about it. However, he did not check what information was filled in and just signed on the dotted line. Will this offer a line of defence?

Unfortunately, it may not. A policyholder is expected to fill the form himself or herself and even if someone else fills it, one has to read it carefully before signing (except in cases where the purchaser of the policy is illiterate). In fact in a case that seems to be more or less similar to yours, the apex consumer court recently upheld the rejection of the claim by the insurance company on grounds of suppression of material facts. In this case too, the policy in question was two years old (Rina Karmakar Vs LIC of India, RP No 3301 of 2018, order delivered on February 4, 2020).

While doing so, the National Consumer Disputes Redressal Commission referred to two judgments of the Supreme Court: One of them was Reliance Life Insurance Vs Rekhaben Nareshbhai Rathod, where the court had observed: "We are not impressed with the submission that the proposer was unaware of the contents of the form that he was required to fill up or that in assigning such a response to a third party, he was absolved of the consequence of appending his signatures to the proposal. The proposer duly appended his signature to the proposal form and the grant of the insurance cover was on the basis of the statements contained in the proposal form...”

The Commission here also quoted Life Insurance Corporation of India Vs Manish Gupta (CA NO 3944 of 2019, decided on 15-4-2019) wherein the Supreme Court recalled its decision in Satwant Kaur Sandhu Vs. New India Assurance Company Ltd., where it had said “...Thus, it needs little emphasis that when an information on a specific aspect is asked for in the proposal form, an assured is under a solemn obligation to make a true and full disclosure of the information on the subject which is within his knowledge. It is not for the proposer to determine whether the information sought for is material for the purpose of the policy or not. Of course, obligation to disclose extends only to facts which are known to the applicant and not to what he ought to have known. The obligation to disclose necessarily depends upon the knowledge one possesses. His opinion of the materiality of that knowledge is of no moment.”

So, your friend has a tough battle ahead.

(The writer is Pushpa Girimaji.)

Source

TOP

GENERAL INSURANCE

Deposit insurance can’t handle large bank failures – The Hindu Business Line – 9th March 2020

It may be just a coincidence that YES Bank, India’s fourth largest private sector bank, should need a rescue package just a month after the RBI (Reserve Bank of India) announced a hike in the individual deposit insurance cover from Rs. 1 lakh to Rs. 5 lakh.

In YES Bank’s case though, the insurance cover is unlikely to be used, with the RBI and the Centre cobbling together a takeover by SBI and other investors. Depositors have been assured that their interests will be fully protected.

Regulators have, over the years, taken a very different approach when dozens of co-operative banks have landed in financial hot water. In their case, the RBI stretched the moratorium until the banks came up with a resolution plan. If they failed, they were liquidated, with depositors taking a haircut. The Deposit Insurance and Credit Guarantee Corporation of India (DICGC) is called upon to pay insurance of Rs. 1 lakh per depositor. But commercial banks, particularly ones with a significant deposit base, have hardly ever been allowed to take this route. One reason for this could be that policymakers are worried about a system-wide loss of trust should a large bank flounder. A more pragmatic reason though, seems to lie in the balance sheet of the DICGC itself. It is well-funded to handle small bank busts, but has limited capacity to absorb claims arising from the failure of a large commercial bank.

Size constraint

This is evident from DICGC’s latest annual report. In FY19, the corporation’s total revenues stood at Rs. 19,288 crore with Rs. 12,043 crore earned from insurance premiums paid by banks and Rs. 7,245 crore from investment income. After settling claims and other expenses of Rs. 152 crore, the corporation reported a post-tax surplus of Rs. 11,931 crore. DICGC’s annual surpluses go mainly into building up its Deposit Insurance Fund, which makes insurance payouts to depositors of de-licensed banks. At the end of FY19, this fund had investments worth Rs. 97,319 crore at market value (Rs. 83,691 at book value). DICGC’s claim payouts in recent years have not made much demands on either its revenues or its Fund. In FY19, it paid Rs. 37 crore in claims towards 15 failed co-operative banks. From its inception until March 31, 2019, the corporation has paid out Rs. 5,117 crore towards cumulative claims from 351 failed co-operative banks and 27 commercial banks. Effectively, claims on it have averaged about Rs. 120 crore a year.

But the very insignificance of those claim numbers go to show that DICGC's coffers are yet to be tested by the liquidation of any large commercial bank.

Burgeoning deposit base

According to RBI data, scheduled commercial banks in India handled aggregate deposits Rs. 129 lakh crore in December 2019, with 65 per cent of this with public sector banks and the rest with private banks. The average public sector bank now manages deposits of Rs. 4.24 lakh crore, while the average private sector bank has Rs. 1.71 lakh crore. YES Bank, for instance, held deposits of Rs. 2.1 lakh crore.

Now, given that only deposits up to a certain value (Rs. 1 lakh until recently) are covered by insurance, only about 28 per cent of all bank deposits by value were covered by DICGC in FY19. Assuming similar coverage, if a private sector bank with a Rs. 2 lakh crore deposit base fails, claims worth Rs. 56,000 crore could theoretically be made on the DICGC. This is over ten times all the claims it has paid out since its inception and would significantly draw down its Deposit Insurance Fund of Rs. 97,319 crore. The recent fivefold increase in the deposit insurance cover aggravates this problem. The accompanying hike in deposit insurance premium from 10 paise per Rs. 100 of deposits to 12 paise, wouldn't really solve it as it adds only about Rs. 3,000 crore to DICGC's annual premium income.

Given that several RBI committees have gone into the workings of the DICGC, it is unlikely that policymakers are unaware of this issue. But they may need to take three explicit steps to shore up public confidence.

One, the mismatch between DICGC's balance sheet and the size of deposits it covers suggests that the RBI views the failure of large-sized entities such as YES Bank as low-probability events, which will rarely crop up. If this is the case, the RBI can reassure the public by providing data on, and stress-testing the impact of, big bank failures in its Financial Stability Reports.

Two, present deposit insurance premiums are clearly inadequate to build capacity in the DICGC to handle big bank failures. The RBI must make a strong pitch to the Centre to raise these premiums and to peg them to risks in each bank category.

Three, the RBI and the Centre must work out backstop arrangements for the DICGC, should it fall short of capital. This could be the contingency fund sitting in the RBI balance sheet or the Consolidated Fund of India but needs to be explicitly stated. Finally, if there is no intent to let a certain class of banks (say public sector banks) fail, it would also be fair to lighten their premium burden.

(The writer is Aarati Krishnan.)

TOP

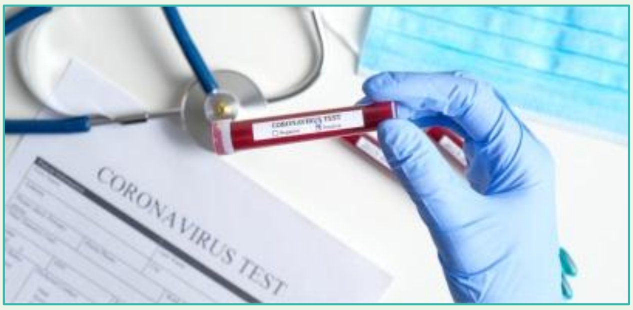
Source

HEALTH INSURANCE

Does your travel insurance cover cost of quarantine? – Outlook – 13th March 2020

As more countries succumb to the outbreak of COVID-19 or the novel corona virus and suspected victims or anyone who has come in close contact with them are being quarantined, one of the worst hit sections are travellers. For those quarantined while on a vacation in a foreign country, the situation gets doubly difficult – who will pay the bills incurred for extended stay, meals and medical charges. While country after country is issuing travel advisories, so far no uniform decision has been taken about who is responsible for payments, including travel insurance coverage.

Speaking to TIME, a U.S. State Department representative said that cruise companies whose ships have been placed on quarantine in East Asia have assumed the cost of accommodation of passengers but in most cases, the individual traveller are expected to pay for their self-quarantine.



However, in its early March report, TIME also quoted a Berlin resident who confirmed that her parents staying in a hotel under lockdown in the Canary Islands (Spain) have not been asked to pay for anything from the time the hotel has been quarantined. [The lockdown has been lifted now].

According to the Bangkok Post, foreigners who are short-term visit pass holders to Singapore and seek treatment for COVID-19 in Singapore need to pay but testing for the virus remains free.

In a March 4 guideline, the Insurance Regulatory and Development Authority of India (IRDAI) has clearly stated about the norms under which all claims reported under coronavirus shall be handled. One of the norms mention that 'where hospitalisation is covered in a product, insurers shall ensure that the cases related to coronavirus disease (COVID-19) shall be expeditiously handled'. It also mentioned that 'costs of admissible medical expenses during the course of treatment including the treatment during quarantine period shall be settled in accordance to the applicable terms and conditions of policy contract and the extant regulatory framework'. However, IRDAI has not clarified anything yet on travel insurance covering coronavirus or what happens if you require treatment while travelling in a foreign country.

The Association of British Insurers have come up with a set of regulations covering travel insurance implications following the novel coronavirus outbreak. According to the company, anyone planning to travel should check and follow the government's foreign travel advice. Anyone travelling to a country or region against government advice risks invalidating their travel insurance. If the insured person makes alternative travel plans, they may be able to transfer their travel insurance to cover the new destination.

Travel insurance policies may cover some out-of-pocket losses, and also help the person to leave the area and return to the UK if advised to do so, and if they are unable to get assistance from any other source. If anyone travels against government advice, they are likely to have their travel insurance invalidated.

According to media reports, insurance companies are tackling the problem on a case by case basis. So if you have already invested in a vacation or have to travel for business purpose, it is best to clarify with the travel and health insurance companies before leaving the home country. Read the fine print on your health and travel insurance policies and get clarifications from the agency advice many financial planners.

(The writer is Uttara Gangopadhyay.)

TOP

Source

Only indemnity-based health insurance plans to cover corona claims – Financial Express – Financial Express – 13th March 2020

A day after the World Health Organization (WHO) declared the novel coronavirus as a pandemic, general insurance players on Thursday said the claims arising out of defined benefit health insurance plans will not be applicable as this disease is not included in such policies. However, claims arising out of indemnity-based health insurance plans will be honoured by the insurance companies.

Under indemnity health insurance plans, insurers cover the cost of medical expenses during hospitalisation, while in defined benefit, health plans a lump-sum is paid irrespective of the actual hospital expense.

Gurdeep Singh Batra, head-retail underwriting at Bajaj Allianz General Insurance, said: "As far as Bajaj Allianz General Insurance is concerned, we do not have any restrictions on any endemic or pandemic which has been declared in our indemnity health products. Different insurance players have different clauses and under our indemnity health plans, endemic or pandemic is not exclusion and we cover the novel coronavirus claims in our policies."

Market participants also said the novel coronavirus will not be excluded in most of the indemnity health insurance plans. "If a policyholder has a fixed benefit plan and he comes with a claim for the novel coronavirus, there are chances that it may get rejected," a marketing officer of a general insurance company said. Typically, fixed benefit plans cover critical illnesses such as cancer, stroke paralysis, and kidney failure, among others.

General insurance players also said the advisory issued by the Insurance Regulatory and Development Authority of India (Irdai) will push insurers to settle the claims quickly. "Last week, the insurance regulator had stated that both the treatment during the quarantine period and hospitalisation claims if it results in serious illness, has to be honoured by insurers," another head underwriter of a leading private insurance company said.

Irdai last week had issued guidelines on handling of claims reported under the novel coronavirus. It had stated that where hospitalisation is covered in a product, insurers shall ensure that the cases related to novel coronavirus shall be expeditiously handled. "All the claims reported under novel coronavirus shall be thoroughly reviewed by the claims review committee before repudiating the claims," Irdai said in its circular.

Mayank Bathwal, CEO at Aditya Birla Health Insurance, said, "In the past few years, the world has faced outbreaks of dreaded viruses such as Ebola, Zika, Nipah, and now the novel coronavirus. A health insurance policy covers all infections, and the novel coronavirus is one such infection. The coverage will be available in all indemnity products that offer hospitalisation covers. Hence, all covers such as in-patient treatment, pre-hospitalisation, post-hospitalisation and ambulance cover that your health policy offers will be available to you to fight against this pandemic."

TOP

Source

Kidney Failure: What do Insurance Companies Cover? – The Economic Times – 13th March 2020

A Study by the Insurance Regulatory and Development Authority (IRDAI) concludes that 17 percent of Indians are covered by Health Insurance – the question is, how adequately? Kidney Related Ailments such as Kidney Failure tend to be covered only in critical illness plans – which command notably higher premiums; but also increase the range of illness' covered to as high as 59 ailments. In India, Kidney Diseases tend to be highly relevant not only for their associated costs, but also due to the high rates of occurance within our society. Chronic Kidney Disease, also known as Chronic Kidney Failure, a condition where the Kidney's gradually loses their function ranks as the eighth leading cause of death in India, as per the Global Burden of Study (GBD). The National Health Portal of India further suggests that the ratio of people suffering from Kidney Disease is at a ratio of one amongst 10.

Insurance Coverage Options
HDFC ERGO has two critical illness plans which covers kidney failure – namely the "silver" and "platinum" plan which also cover other critical illness'. However, coverage does not apply if injuries such as those incurred during Adventure Sports, Participation in Defence Activities and during War. Further -

Self-inflicted injuries, STD’s and treatment of Obesity or Cosmetic Surgery also waives any claim. The company on its website claims that the cost of haemodialysis is around Rs. 12-15000/month whilst transplantation would cost Rs. 4 Lakhs on average with post-transplantation costs being a Rs. 15-20 thousand requirement.

Bharti AXA covers Kidney Failure on its “Smart Super “and “Smart” Health Insurance Policy – with coverage differing amongst these two products, with the former offering coverage of Rs. 5 Lakh to Rs. 1 crore – whereas the latter offers coverage only till Rs. 5 Lakh. A range of exclusions apply similarly to both the products; whilst existing illnesses are covered only after 48 months.

IFFCO-Tokio’s Critical Illness Policy covers Kidney Failure along with regular dialysis. The Policy covers almost 25 critical illness’ and surgeries, and includes a sum of upto Rs. 1 crore – with an allowance of Rs. 1000 per day. Exclusions include injuries sustained during adventure sports, war and through nuclear risk. The Policy also allows persons under the age of 50 to buy the policy without any medical tests.

Edelweiss Tokio Life Insurance’s Critic are+ policy covers 17 different critical illness’ which also includes Kidney Failure. As with other Critical Illness Policies, there is an initial waiting period of 90 days before a claim can be accepted. The Minimum Entry Age for the cover is 18 years whilst the Maximium stands at 65 years. The cover excludes claims made on injuries afflicted on self, during war or during hazardous sports and pastimes; amongst others.

Future Generali’s Heart and Health Insurance Plan – Critical Illness covers 59 Critical Illness’ including Kidney Failure requiring regular dialysis. The Health Cover ranges from Rs. 5 Lakh to Rs. 50 Lakh. Exclusions include Self-Afflicted Harm, illness or injury caused by hazardous sports or during war; amongst others. The Minimum Age at entry is 18 years whereas the Maximum Age is 65 years. Premiums can be paid Annually, Quarterly, Half Yearly or Monthly.

Optima Vital by HDFC ERGO HEALTH INSURANCE (formerly Apollo Munich Insurance) provides cover for thirty-seven illness’ which covers Kidney Failure as well. The Minimum Age of Entry is 18 years whilst the Maximum is 65 years. The tenure of the plan can either range from 1 years or 2 years. Pre-Existing conditions will be covered only after 48 months. Exclusions also include STD’s, Abuse of Drugs; amongst others.

Tax Deductions

The Income Tax Act provides tax benefits on premiums paid towards Health Insurance under Section 80D; thus also making it an adequate tax planning tool as well. The deduction is limited to Rs. 25000, with senior citizen’s getting a higher deduction limit of Rs. 50000. An individual can claim this deduction for self, spouse and dependent children. Further, even the parents of an individual can be eligible under this deduction. If the Parents are below the age of 60, then an additional deduction of Rs. 25000 is eligible. This limit rises to Rs. 50000 incase both parents are above 60; whereas if the individual and his family are above 60 years then a total of Rs. 1,00,000 can be claimed as deduction.

[TOP](#)

Source

Coronavirus insurance: India moves to protect patients as UK companies limit cover – WION – 12TH March 2020

Several companies in the UK have cut travel insurance due to the corona virus even as travellers have been seeking cover during their stay away from home.

The move comes even as India's insurance regulator IRDAI instructed all insurers to include medical cover for COVID-19, the insurance authority's notification says that medical expenses during the quarantine period will also be reimbursable.

In order to prevent high-handedness by insurers, all claims will go through a review committee before they can be rejected. IRDAI has also asked insurers to design policies that cover coronavirus cases in the future.

Patients across India have been troubled by the fact that their policies do not cover the virus with reports of hospitals refusing to recognise claims of policyholders.

However, it is quite a different scenario in the UK with British insurer LV saying: "In light of the significant impact that coronavirus is having globally, LV=... has taken the difficult decision to pause the sale of travel insurance to new customers," while adding that it was "temporary move".

According to reports, several companies saw a surge in travel insurance including Post Office, CoverForYou and Travel Supermarket as the corona virus spread last month and people continued to travel. However, as the virus took a dangerous turn with the WHO declaring it a "pandemic", British insurers have begun to relook the cover.

Reports say leading UK insurers including Post Office, Insure and Go& Aviva have withdrawn their cover amid a huge spike in coronavirus cases in the country.

Aviva said it has decided to do away with add-on cover for "travel disruption" or "airspace closure" while maintaining that it has paused single-trip direct travel insurance for new customers travelling to Italy due to coronavirus.

"Insurance is designed to provide cover for unforeseen and unexpected events and is priced on this basis. The outbreak of the coronavirus means there is an increased likelihood of disruption to people's travel plans. We envisage that these decisions, affecting only Aviva's travel insurance new business, will be temporary actions," the company said in a statement.

"In light of the impact that Coronavirus (COVID-19) is having globally, we've made the difficult decision to pause the sale of travel insurance to new customers," LV said on its website, adding, "We considered a number of different options, such as excluding cover or significantly increasing prices for new customers. We strongly believe this temporary measure of pausing the sale of new policies and focusing on our existing customers is the right decision."

[TOP](#)

Source

Health insurance policies adequate to cover coronavirus, no urgency for new products - The Economic Times – 12th March 2020

The coronavirus outbreak has spread to over 100 countries with thousands infected globally, including 52 cases in India. Seeing the impact, the World Health Organisation warned that there was now a "very real" threat of a global outbreak of the deadly coronavirus to become a pandemic.

COVID-19- the disease caused by the coronavirus, mainly spreads from person to person through close contact and respiratory droplets.

Taking notice of the disease outbreak, Insurance Regulatory and Development Authority of India (IRDAI) recently advised insurance companies to ensure that the affected patients be expeditiously handled and to design products covering the treatment cost for coronavirus.

“Coronavirus cases will be covered in almost 90 per cent of the indemnity-based health insurances in India and does not require a new product on an urgent basis,” said a health insurance firm executive on condition of anonymity.

Corona viruses (CoV) are a large family of viruses that cause illness ranging from the common cold to more severe diseases such as Middle East Respiratory Syndrome (MERS-CoV) and Severe Acute Respiratory Syndrome (SARS-CoV), stated the WHO.

According to insurance companies, COVID-19 outbreak has created panic and fear globally and in India. People have been inquiring about whether their health insurance policy provides coverage for the infectious disease and about COVID-19 specific insurance cover.

Seeing the rapid spread and anxiety among customers, many insurance firms have notified about their products providing coronavirus cover on the websites and issued statements to reduce panic.

We are seeing 30-40 per cent jump in enquires from customers asking about coronavirus and health insurance coverage. India being a very under-penetrated market when it comes to insurance, coronavirus is increasing the awareness among people on the importance of health insurances,” said Amit Chhabra, Head- Health Insurance, and Policybazaar.com.

The panic and fear seen in people was noticed with rising concerns on whether they are insured for coronavirus. Indian health insurances are designed for care setup and not for the care which is why 24 hours hospitalisation is required for claiming health insurance in almost 99 per cent of the indemnity-based health insurance policies in India.

Speaking on how SBI General Insurance is prepared to deal with COVID-19 cases, Head - Market Underwriting Operation, Pankaj Verma, said, “Our standard health policy is capable to take care of coronavirus coverage. As of now, we are evaluating if there is any requirement for a corona specific cover. Going forward, if the need arises, we will look at bringing out a specific product to address for such diseases as appropriate. SBI General is not rejecting any claim without minimum compliance of regulatory requirements as prescribed.”

Currently, all symptomatic coronavirus patients if found positive from any of the authorized centres of ICMR – National Institute of Virology, Pune, are being admitted to insolation wards for their quarantine. The positive cases of coronavirus are being treated in the hospital, so insurance firms will pay the sum insured.

“All cases are covered on your health insurance product up to the sum assured. Our policy covers the entire quarantine period. Patients can visit the nearby hospital for immediate treatment, we will reimburse all expenses. In case of cashless benefits, patients are requested to visit our network hospital with the TPA card, the rest will be taken care of,” said Shanai Ghosh, CEO, Edelweiss General Insurance.

In the current procedure of treatment, suspected patients have to be isolated and treated in an outpatient facility and if the symptoms are later diagnosed as COVID-19 virus- those cases will be provided pre and post hospitalisation coverage in accordance to the applicable terms and conditions of policy contract and the extant regulatory framework.

Online insurance service provider, Digit is the first insurer to roll out a coronavirus insurance plan called Digit Health Care Plus filed under IRDAI’s Sandbox Regulations. Under the regulation, insurers can sell innovative products on a pilot basis for a limited period. Digit's fixed benefit insurance product is available from February 1, 2020, to July 31, 2020, for one year only and cannot be renewed.

Digit Health Care Plus promises to give 100 per cent sum insured in case of positive coronavirus case and 50 per cent of the sum insured for just quarantine cases. The sum insured of the policy ranges from Rs 25,000 (premium Rs 299 plus GST) to Rs 2 lakh (premium Rs 2392 plus GST).

Some of the major limitations that exist in Digit's need-based health insurance include:
Policy can be availed only if you are not suffering from any respiratory-related systems like cough, respiratory diseases, breathlessness from the last four weeks.

The policy does not cover people who have travelled or are planning to travel to countries like China, Japan, Singapore, South Korea, Thailand, Malaysia, Hong Kong, Macau, Taiwan, Italy, Iran, Kuwait and Bahrain since December 1, 2019.

Also, if you contract it from a family member who has travelled to these places even then it will not be covered. Home quarantine, pre-existing respiratory conditions or already exhibiting symptoms of the diseases are also not covered under the product.

While this policy may be a quick solution for people who are not insured under any health cover policy, it dissolves the importance of health insurances which is a powerful solution in financial distress occurring because of sudden health conditions, accidents and injuries.

Our attitude as larger public towards coronavirus is more alarming because it is spreading very fast and there is a lot of care associated with it. People should buy health insurance not because of the alarm, but rather as a defence.

A new product is not necessarily required as of now. Providing need-based health insurance leads to panic buying which may in times of need lead to poor compliance. Experts believe that people should look at insurance as a risk mitigation measure which is the right thing to do.

The current focus should be on prevention of disease with the help of right information from credible websites and not be a party to spreading misleading information which triggers panic among people. Health insurance companies and councils also should actively invest in building awareness towards the prevention of diseases.

(The writer is Rashmi Mabiyan.)

Source

TOP

Your health insurance policy might not cover coronavirus in these situations - The Economic Times – 12th March 2020

While most health insurance policies in India are providing cover for the coronavirus infection, you may not be able to get a claim for its treatment in the following scenarios.

Your claim will also be limited by the maximum sum insured by your health insurance policy.

If you are not hospitalised for at least 24 hours
Health insurance claim due to coronavirus will be payable only if you are hospitalised for at least 24 hours. However, if you are not hospitalised, then your policy may not cover the claim as most of the indemnity type health insurance policies (mediclaim) in India do not cover outpatient treatment.

Shreeraj Deshpande, COO, Future Generali India Insurance said, "Any person who is hospitalised as a result of coronavirus and takes treatment will be covered as any other illness. The subsequent claims will be processed as per regular norms, provided the individual has been hospitalised for at least 24 hours."

If the disease is declared as epidemic/pandemic
Your insurer might not settle a claim under your health insurance policy if the disease is declared as an epidemic or pandemic by the World Health Organization (WHO).

Subramanyam Brahmajosyula, Head - Underwriting and Reinsurance, SBI General Insurance said, "If coronavirus is declared as a pandemic by the WHO or Indian government, or both, then claims might not be payable as such claims are excluded under many health insurance policies."

However, Pankaj Verma, Head - Market Underwriting Operation, SBI General Insurance, said, "Our standard health policy is capable to take care of coronavirus coverage." He adds, "On the claims front, we comprehend that Covid-19 is a disease of epidemic proportions and will have deeper impact on people's lives, we are trying to provide all the help. SBI General is not rejecting any claim without minimum compliance of regulatory requirements as prescribed."

Hence, instead of panicking, one should ask one's health insurer whether their policy covers the coronavirus disease. Amit Chhabra, Head- Health Insurance, Policybazaar.com said, "Not all, but most of the health insurance policies cover such epidemics/pandemics. However, it majorly depends upon the policy. Very few policies have clauses of not covering epidemics/pandemics. You must read the policy document and contact your health insurer immediately."

If you have purchased a new health insurance policy, then claim for treatment for this disease may not be covered under the following scenarios:

If you are going for a planned treatment

Over the past four weeks, if you have been suffering from any respiratory-related disease, then your claims under a regular indemnity type health insurance policy or a specific coronavirus insurance policy might not get settled. For instance, if you have been suffering from severe cough, respiratory diseases, breathlessness, flu over the past few days and you plan to take treatment for it, your policy might not cover even if it results in symptoms for coronavirus disease/infection.

Chhabra said that the symptoms of coronavirus are quite similar to the common flu as it affects the upper respiratory body. "However, if you already have coronavirus disease/infection and you are thinking of buying a health insurance policy and want to get the claims settled then probably your claims will not get paid under the newly bought regular health insurance or coronavirus insurance policy," he said.

Hence, any previously planned treatment (planned before purchasing policy) under a newly purchased health insurance/coronavirus insurance policy is not covered.

Sanjiv Bajaj, Vice Chairman and MD, Bajaj Capital said, "If it's an emergency outbreak in the country, any which ways the disease shall be covered under a health insurance policy, however, if it is a planned treatment, it shall not be covered."

If you contract the disease within the policy waiting period

The insured will not get claim filed for treatment of a disease within the policy waiting period of a health insurance policy if the disease treatment is excluded within the waiting period. Typically, most policies exclude several kinds of treatment in the waiting period of the policy.

A waiting period is a pre-fixed time period starting from the date of purchase of the policy. Coverage of many diseases starts only after this waiting period is over in most health insurance policies.

The special coronavirus insurance policy launched by insurer, Digit, also has a waiting period of 15 days. This means that if you are diagnosed with the coronavirus disease/infection within this waiting period, your policy will not cover it. In such a case, the claims will not get settled for this disease by the insurer.

MayankBathwal, CEO, Aditya Birla Health Insurance said, "The general waiting for covering respiratory diseases is 30 days unless you had a pre-existing condition for the same."

You or family member recently travelled to affected countries

In the case of health insurance policy, Bathwal said, "If you are travelling from a coronavirus affected country and diagnosed positive, you will be covered under regular indemnity health insurance policy as long as you are being quarantined in India."

However, the special coronavirus insurance policy does not cover people who have travelled to coronavirus affected countries such as China, Hong Kong, Macau, Taiwan, Italy, Kuwait, Japan, Singapore, South Korea, Thailand, etc.

Vivek Chaturvedi, Head - Marketing and Direct Sales Online, Digit Insurance, referring to the special coronavirus insurance policy, said, "Your claim will not get settled even if you contract the disease/infection from a family member who has travelled to these places/countries."

(The writer is Navneet Dubey.)

Source

TOP

Coronavirus: Will your health insurance cover a pandemic? – The Hindu Business Line – 12th March 2020

With the coronavirus outbreak (Covid-19) spreading rapidly across the world, the World Health Organisation (WHO) has declared it a global pandemic, an illness that has spread far and wide.

Over the past two weeks, the number of cases outside China has increased thirteen-fold and the number of affected countries has tripled, said WHO Director-General Tedros Adhanom Ghebreyesus at a press conference in Geneva.

In India, the number of cases reported under Covid-19 by the Union Health Ministry is 60 (as of March 11), with the highest number of cases in Kerela.

There is worry now over the costs of medical treatment and hospitalisation, and whether health insurance will cover it. Last week, the Insurance Regulatory and Development Authority of India (IRDAI) issued a circular saying insurers who cover coronavirus under their policies should ensure that the claims are handled expeditiously and costs are settled per applicable norms.

The regulator also emphasised that insurers shall review the claims thoroughly before repudiating them. However, one is not sure if insurers will cover claims under Covid-19 now that it has been termed a pandemic.

The pandemic problem

Since the beginning of this month, even as IRDAI came up with its circular on fast-tracking Covid settlements, health insurers including SBI General, Edelweiss General and Cigna Manipal have been stating they will do the needful for their policyholders, covering expenses for the treatment as well as those incurred during the quarantine period up to the sum insured.

However, the pandemic angle may again change the equation. If the number of Covid cases and deaths rise, insurance companies may take a step back.

Speaking to health insurers revealed that most are yet to take a call post WHO's pandemic announcement. When the cases increase, the cost of tests and treatment will also rise, and insurance companies may not be in a position to service them all without landing themselves in losses.

New-age health insurers, however, may be more willing to cover Covid patients in an attempt to capture the market. Digit Insurance, for instance, is covering the disease.

In the beginning of this month, Digit launched a product for Covid-19 that covers both positive and quarantined cases, offering coverage from ₹25,000 to ₹2 lakh. The company has said it will not exclude cover for Covid or any other pandemic under its existing health product (Digit Health Care Plus) or it new Covid product.

Read the conditions
However, note that while Digit will pay 100 per cent for positive cases, it will offer only 50 per cent of the sum insured for quarantined cases. Also, the exclusions require a careful read. The policy states that for being eligible, the insured should not have been in contact with someone with a suspected history of the coronavirus disease till the policy ends.

Also, the insured or their immediate family members should not have travelled to China, Japan, Singapore, Thailand, Malaysia, Hong Kong, Macau, Italy, Iran, Bahrain, Kuwait and Taiwan since December 1, 2019. They should not be suffering from symptoms such as cough with or without sputum, cold/nasal block, fever with body pain or shortness of breath for the last six weeks, as these may be symptoms of the disease already contracted.

Now, that's a lot of ifs and buts for anyone looking for a Covid cover. So, it is suggested that you be prepared to handle the situation, if it arises, with some ready cash in hand. If your insurer doesn't cover it, you should be in a position to fund it from your pocket.

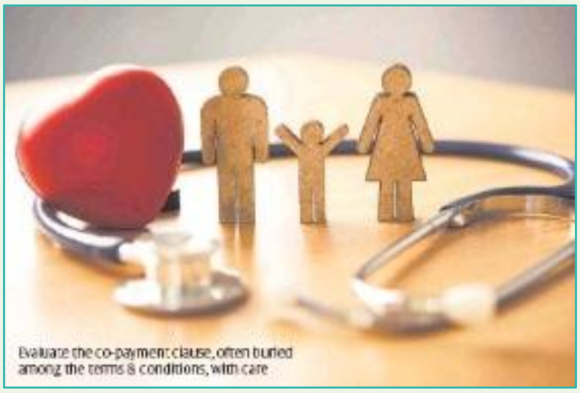
SBI General Insurance, Edelweiss General Insurance and Bajaj Allianz General confirmed to *Business Line* they will cover expenses against the treatment of Covid though it has turned a pandemic.

(The writer is Rajalakshmi Nirmal.)

TOP

Source

Why, even with a health policy, you end up paying – The Hindu Business Line – 11th March 2020


Evaluate the co-payment clause, often buried among the terms & conditions, with care

Health insurance policies typically cover the entire hospital expenses of policyholders as per policy terms. But, at the time of claim, the settlement paid by the insurer could be lower than your medical bills, leaving you to bear the balance amount.

While the reasons could be plenty for the lower payout, copayment or cost-sharing is a critical clause buried in the policy wordings that needs to be given special attention. Copay could be one of the reasons for lower claim settlement from your health insurer. Here is what you should know about it.

What is it?
Co-payment means a cost-sharing requirement under a health insurance policy that stipulates that the policyholder will bear a specified percentage of the admissible claims amount.

In some health insurance policies, there is a co-pay clause wherein, as a policyholder, you would have to pay a part of the expenses, while the rest would be covered by your insurer. For instance, insurance companies can have a co-pay of 10 per cent on doctor visits or prescription drugs. So, if your total doctor visit expenditure is around ₹2,000, you will have to pay ₹200; the rest will be borne by the insurance company. The copayment clause is meant to discourage people from making 'unnecessary' claims. Insurers including Bajaj Allianz General, Max Bupa Health, Manipal Cigna, Star Health, United India Insurance and Aditya Birla Health have co-pay clauses in some of their policies.

How does it work?
The co-payment amount varies with the type of coverage under a policy. Often, its applicability depends on certain conditions. Accordingly, there are a few common scenarios where copay is applicable.

Hospitalisation: Co-pay is applicable in case of hospitalisation in a metro (tier 1) city when you have purchased your health policy in non-metro (tier 2 or 3) city. However, claims from policies issued in tier 1 cities do not have any co-pay element. For instance, in Max Bupa's Go Active health policy, an individual paying premium in Zone I (includes cities such as Mumbai and Delhi) can avail treatment all over India without any co-pay. But, for a person paying premium in Zone II cities (such as Bengaluru, Chennai, Hyderabad and Pune) 20 per cent co-pay is applicable for availing treatment in Zone I hospitals. However, there is no co-pay if he/she takes treatment in Zone II or Zone III cities. Note that zone wise co-payment is not applicable normally on services including emergency ambulance and diagnostic tests.

Age: Another scenario when co-pay is applicable is based on the age. For instance, under the Manipal Cigna Pro Health policy, mandatory co-payment of 20 per cent is applicable on all admissible claims if the insured is aged 65 years and above, irrespective of age of entry into the policy. However, the same can be waived with payment of additional premium at the beginning of the policy. Star Health Insurer's Comprehensive health policy, too, has co-pay based on age.

Room rent limit: Some of the insurers apply co-pay on claims on exceeding the room rent limit. Consider Bajaj Allianz's Health Infinity policy. The sum insured is based on the room rent limit opted by you, ranging from ₹3,000 to ₹50,000 per day. Copayment is applicable if you are admitted in a hospital with a higher room rent. It is also applicable when your claims exceed 100 times the room rent opted by you. Co-payment of 15, 20 or 25 per cent, as opted, will be applied before claim settlement. Example: Joe has a health insurance policy of ₹6 lakh with a room rent limit of ₹5,500 per day. On admission, the hospital offers him a room for ₹6,500 per day.

Joe will get only ₹5,500 per day from his health insurer; the balance ₹1,000 per day has to be borne by him. Finally, if the total medical bill comes to ₹6 lakh, he would be paid only ₹5.07 lakh (in the ratio of room rent eligible-to-actual room rent) by the insurance company. About ₹92,280 should be paid by Joe.

Amit Chhabra, Head - Health Insurance, Policybazaar.com, says: "Co-payment is not just on the room rent limit but applied proportionately on the total expenses including medicines, surgery and other charges. This is because the insurance company assumes a proportionate increase in other charges as well." Further, if Joe is hospitalised in a Zone I hospital and his policy is from Zone II, co-payment of 10 or 20 per cent will also be applicable on the total claim amount.

Your health policy and co-pay

There are some policies in the market without co-pay, such as HDFC Ergo Health's Optima Restore (previously Apollo Munich Health), ICICI Lombard's Complete Health Policy and TATA AIG's Medicare Premier.

Though co-payment is not a deciding factor in a health policy, it is still an important aspect to consider at the time of purchasing a policy. Keep in mind that the co-pay clause doesn't reduce the sum insured of your health policy, but it results in reduced claim settlement. However, you can stave off copayment applicability in your policy by paying additional premium at the time of purchase. You can also voluntarily agree for a co-pay to reduce your premium outgo. But you will have to foot the bill partly in case of claim.

Hospitalised in a metro when policy was bought in a non-metro

- Aged beyond 60 or 65 years
- Higher room rent limit
- OPD consultations
- Treatment for specific diseases

(The writer is Bavadharini.)

Source

TOP

Should you go for higher sum insured or super top-up plans? - The Hindu Business Line – 10th March 2020

The number of Indians buying health cover has grown at a fair clip over the past decade. However, while buying health insurance, most people fail to understand the importance of having a policy that provides adequate coverage.

Often, people undermine the importance of a big health cover with rather feeble arguments, such as their present cover is comfortably high, and that they are quite healthy. Though some may be able to handle any medical eventuality, others may not. It is also true that a health insurance cover with higher sum insured, no matter how necessary, may not fit into everybody's scheme of things. But then, there are solutions for everything.

Enhance your sum insured
If you already hold a health insurance policy with a low sum insured, you may choose to upgrade it during policy renewal. Every insurer gives you the right to enhance your existing sum insured at renewal time.

However, if you do not hold any health policy and wish to buy one, you must consider numerous factors when deciding on the sum insured. Among the key ones are medical inflation rate, size of your family, current medical conditions of the people to be insured, and family medical history.

Super top-up plans
Another convenient and economical way of enhancing your sum insured is buying a super top-up plan — an added protection in your regular health policy that offers you coverage of medical claims above your chosen deductible limit. Under the plan, you can avail financial relaxation if your hospitalisation bill crosses your total sum insured. The plan acts as a cushion, coming into play when you have exhausted the chosen limit. Insurers have even introduced plans where the base policy acts as the deductible.

Price comparison
If you buy a health cover with ₹1 crore sum insured without the super-top element, the premium will be significantly high. Religare Health Insurance's Global Care plan that provides coverage up to ₹1 crore comes at an annual premium of ₹52,633 for a 32-year-old male living in a metro.

However, the premium of a plan which comes with super top-up is quite cost effective. One such is Aditya Birla's Active Assure Diamond, wherein ₹5 lakh is the base policy or deductible and there is a top-up health cover of ₹95 lakh sum insured (total cover ₹1 crore). The annual premium works out to around ₹9,552.

Another such plan is Max Bupa Health Insurance's Health Companion with Recharge (Money Saver), which comes with ₹5 lakh + ₹25 lakh sum insured, offering a total cover of ₹30 lakh. The best thing about a super top-up plan is that it covers all the bills in a given year, covering multiple hospitalisations.

(The writer is Amit Chhabra.)

Source

TOP

Portfolio Planning: Investment tips in the times of coronavirus – Financial Express – 10th March 2020

The markets are reacting to the spread of the novel coronavirus. China sneezed, and the global economy went into a tizzy. Globally, stock markets are in a spin. Investors are worried. What should they do with their investments in a tough economy?

Eyes on your goals
First and foremost, always remember why you started an investment. Any investment must be tied to a specific goal. When you have invested in the markets, you must also have risk appetite which will help

you prevail through all kinds of market scenarios. Therefore, remind yourself what the goals are and then decide whether you want to continue investing or redeem. For example, you may be near your goal, in which case it would become profoundly risky to remain invested in the current scenario.

Conversely, you may have just started investing and are a long way away from your goal, so you should continue investing as per your plan and look to reduce your average costs on the market dips. If you're in doubt, you may simply pause fresh contributions to your investment plan and resume once you have clarity. The key, as always, is to avoid panic and to take decisions in a calm, informed manner.

Evaluate risks

In any market scenario there are always investment options that are riskier than others, or more profitable than others. The intrepid investor always looks for interesting new opportunities to profit from any situation. In the current situation, you must evaluate your high-risk investments – for example, investment directly linked to the Chinese market. You may look at sectors that will perform better now and help shore up your returns. Often, investors make the mistake of not evaluating their risk appetite before starting any investment.

This leads to panic selling and losses during crisis. So give your investment portfolio a hard look and ask yourself if your investments are built for all seasons or if they will crack each time there's a crisis in the markets. If there are weaknesses in the portfolio, work on strengthening it with the removal of low-quality investments and the addition of high-quality investments. For example, from the point of view of stability and steady returns, it's good to have a mutual fund portfolio made up largely of large-caps and blue chips, while restricting the presence of the more volatile and unpredictable small-cap funds to a minority share.

Shore up liquidity

This is also a good time to shore up liquidity. Maintain cash reserves—in your bank accounts, in fixed deposits, and at home. This is to help you tackle problems such as loss of income, health problems, urgent travel, etc. As things stand, we're in the middle of a highly contagious global outbreak. As per researchers, a large number of people in the world are likely to be eventually infected though the fatality rates are expected to be low. To prepare for such a health crisis, ensure you're armed with an ample-sized health insurance policy. It may not be enough to simply use your employer-provided coverage, because group coverage is often small and inadequate for treatment of critical illnesses. Ensure that all your family members have adequate coverage – preferably `10 lakh each if you live in urban areas with high healthcare costs. To tackle with the threat of dangerous diseases, you can boost your existing coverage by buying a super top-up cover, which are very cheap.

Diversify your portfolio

Lastly, always diversify your investments and as the saying goes, never put all your eggs in one basket. Trusting just one form of investment is a bad idea and could lead to poor returns and liquidity problems.

In recent months, we have seen a tremendous rally by gold due to uncertainty in the global economy. So while gold has provided excellent growth, the equity markets, real estate investments, and even fixed-income instruments such as deposits and bonds have been disappointing.

Therefore, aim to create a mix of investments that is ideal for your age, risk appetite and life goals. By systematically investing in various options, you'll create a well-hedged, well-rounded portfolio which will keep performing in any market scenario.

At some point when the stock markets stabilise, your returns from gold will slow down, but your equity returns will start improving again.

To summarise, invest as per a long-term plan, avoid panic, save for a rainy day, make informed decisions, and always diversify. And never be without health insurance—global pandemic or not.

(The writer is Adhil Shetty.)

Source

TOP

You owe yourself a health cover - The Hindu Business Line – 9th March 2020

You are important. To play many different roles at home and office at the same time and to continue to rock the world, you should take care of your health.

While one can't be sure of being in the pink of health all the time, you can be worry-free if you have an insurance policy that can pay for expenses on medical treatment in case of an illness. We sifted through all policies and found the best for women to cover their health risks - my: health Women Suraksha, a defined benefit critical illness plan from HDFC Ergo that is specially designed for women.

Critical illness policies are different from regular health insurance covers called medi-claim plans or hospitalisation plans as, at the first instance of the insured acquiring any of the listed illnesses under the policy, the sum insured (SI) is paid as a lump sum irrespective of the cost of the treatment. Medi-claim policies, on the other hand, reimburse only to the extent of the hospital bill.

That said, every woman needs to have a basic hospitalisation plan too (may be Royal Sundaram's Lifeline or HDFC ERGO Health's Optima Restore) which may come in handy during instances of hospitalisation, say due to a viral fever/infection or any other illness which is not very serious and outside the purview of the CI cover.

What it covers

Now, you may ask why not any regular CI plan in the market and only HDFC Ergo'smy:health Women Suraksha?

The regular CI plans in the market today cover only 10-20 critical illnesses and exclude the common illnesses in women such as osteoporosis. Also, many of the regular CI plans don't pay for expenses in the pre-cancerous stage (carcinoma in situ). In HDFC Ergo'smy:health Women Suraksha, there is an option to get a comprehensive cover for many illnesses, including the ones common among women, through six different plans. You can opt for cover for cardiac ailments alone, or only for cancer or both, or take a comprehensive critical illness cover that will pay for 41 chronic illnesses, including kidney failure, requiring regular dialysis, end-stage liver failure, Parkinson's and Alzheimer's along with cancer and heart ailments.

There is also a plan that covers expenses on treatment for bodily injury arising from assault and burns. Under the Cancer Plan, expenses on treatment of cancer in the breast, cervix, uterus, fallopian tube, ovary, and vagina, among others, are covered. Under the Cardiac Plan, open chest CABG, heart valve repair, first heart attack of specified severity, and coma of specified severity are among a long list of health conditions that are covered.

The policy also offers add-on covers that include protection for pregnancy complications, complication in new-born baby (that includes Down's syndrome and surgical separation of conjoined twins), and loss of job due to voluntary resignation or termination from employment due to the diagnosis of any of the major illnesses or procedures.

Women aged 18-65 years are eligible for this policy, and it can be renewed lifelong. The policy is offered to women with multiple sums insured options, ranging from Rs. 1 lakh up to Rs. 1 crore.

Distinctive features

HDFC Ergo'smy: health Women Suraksha has many firsts to its credit. It is the first comprehensive women health policy that also provides for cover assault and burn injury. Also, this is the only policy that lets all women in the family (mother/mother-in-law, daughter/daughter-in-law and sister/sister-in-law who are dependents) to be covered under one plan. Also, unlike most CI plans that have a 30-day survival clause for CI claims to be settled, in this plan, the survival period is seven days. Also, if a claim is made for any minor ailment, a 50 per cent discount in the premium is given for the next five years.

In the market today, the two insurers who offer specialised policies for women are Tata AIG and Bajaj Allianz. But Tata AIG's Wellsurance Woman and Bajaj Allianz's Women-Specific Critical Illness do not cover as many illnesses/conditions as HDFC ERGO's product does. The premium of my: health Women Suraksha is also affordable. The premium for a 40-year woman for an SI of Rs. 20 lakh for comprehensive CI cover — is Rs. 20,390 inclusive of GST. When taking this policy, make sure to take a cover (sum insured) for at least Rs. 20/30 lakhs so that the money will suffice the cost of treatment, plus help you face a liquidity crunch for one/two years if you want to take a temporary break from work.

(The writer is Rajalakshmi Nirmal.)

[TOP](#)

Source

Will your standard health policy cover Covid-19? – Mint – 9th March 2020

Covid-19, also known as novel coronavirus, has taken the world by storm. What began in China's Wuhan has now cast its shadow in more than 100 countries, including India. As on 9 March, India reported 45 confirmed cases of coronavirus, causing widespread panic. While several advisories are floating around on prevention, will your health insurance cover it if you indeed happen to get infected?

For now, the Insurance Regulatory and Development Authority of India (Irdai) has taken immediate measures. On 4 March, Irdai said all coronavirus-related claims shall be expeditiously handled and all expenses incurred during the course of treatment, including during the quarantine period, shall be covered by all insurers. It has also asked insurers to offer need-based health insurance plans to cover the cost of treatment for coronavirus. "A basic health insurance policy will certainly cover the medical expenses incurred on hospitalization for any viral infection, including coronavirus. However, infectious diseases are not covered for the first 30 days from the inception of the policy," said Anurag Rastogi, chief actuary and chief underwriting officer, HDFC ERGO General Insurance Co. Ltd.

However, if coronavirus is declared a pandemic, health insurance may not cover the expenses. We tell you the kind of expenses that will be covered if you do get infected, and the claims process you need to follow. Further, does it make sense to buy coronavirus-specific policies?

If it's a pandemic

According to the World Health Organization (WHO), a pandemic is the worldwide spread of a new disease. The 2009 H1N1 flu was the last pandemic and it killed hundreds of thousands of people globally. According to WHO data, as on 8 March, over 1, 05,586 people have been tested positive for coronavirus worldwide, with at least 3,584 deaths. Experts believe that if the spread continues, it could be declared a pandemic.

So will health insurers cover policyholders once Covid-19 is declared a pandemic by WHO and the government of India? "In case WHO declares Covid-19 as a pandemic and the same is ratified by the government of India, in some of the insurance plans, exclusion for global pandemic will get triggered, after which you may not get the cover," said Pankaj Verma, head, market underwriting operation, SBI General Insurance Co. Ltd.

Though there is no past history of any such situation, if it does happen, it is expected that the government would intervene. Rakesh Goyal, director, Probus Insurance, an Insurtech broking company, said that as long as coronavirus is not declared a pandemic, health insurers are liable to cover the policyholders. "The moment coronavirus is declared pandemic, policyholders who may get diagnosed with the disease will have to pay out of their pocket to cover medical expenses, as such claims are not covered under most health policies," he added.

Still, it's advisable to check with your insurance company individually because it also depends on how the company has filed its products with the regulator. Digit Insurance, for example, said their health products do not exclude pandemics.

If you get infected

After Irdai's circular, insurers are mandated to cover hospitalization as well as quarantine expenses if you test positive. "Insurance companies will pay admissible medical expenses even during quarantine. This does not require a separate out-patient (OPD) cover," said Anik Jain, co-founder and CEO, Symbo India Insurance Broking Ltd. Rastogi said treatment taken while in quarantine will be paid as hospitalization expenses which are covered under a regular health insurance policy.

You could also be worried about what happens if you've travelled abroad. Can your insurer deny the claim? Whether your claim is approved or not has nothing to do with your travel history. Insurers Mint spoke with said once someone tests positive, the claim will be processed. Verma said if one has fallen ill in India and is hospitalized, their travel history may be asked for the sake of data collection but it will have no impact on claim disbursement. This also includes travelling to a highly-affected region such as China and Italy.

Also, note that only standard health insurance or a coronavirus-specific policy will cover you in case you are infected.

"Coronavirus is nothing but a new strain of influenza virus. If you look up the global medical history, you'll find that every 300 years or so, a new influenza virus travels from animals to humans and causes trouble. Hence, this (coronavirus-related illness) cannot be classified as a critical illness and will not be covered under a critical illness policy," said Verma.

The claims process will remain the same as in the case of any other ailment.

Need-based policy

Irdai, through its circular, has encouraged insurers to design coronavirus-specific policies. In line with this, Digit Insurance, under Irdai's sandbox regulations, launched a defined-benefit health policy for coronavirus last week. Under this, policyholders get the full sum insured on being tested positive for the disease after which the policy terminates.

In other words, if you've been tested positive for coronavirus and file a claim, you'd be eligible for 100% of the sum insured. In case you're quarantined which could lead to loss of income, you will be eligible for 50% of the sum insured.

The premium for the policy starts at ₹299 (including taxes) for a sum insured of ₹25,000. "One restriction which comes with a regular health insurance policy is that it requires 24 hours of hospitalization for you to be able to file a claim. Some policies do include OPD expenses but most products which include OPD expenses don't have many takers because the premium is relatively higher," said Vivek Chaturvedi, head of marketing and direct (online) sales, Digit Insurance.

However, note that the policy comes with a host of terms and conditions. In order to be eligible for the claim, the insured should not have been in contact with anyone with suspected history of Covid- 19 till the end of the policy tenure.

As it's a one-year cover, the insured person should not come in contact with such a person during the policy period. Also, the insured or their immediate family members should not have travelled to countries such as China, Japan, Singapore, Thailand, Malaysia, Hong Kong, Macau, Italy, Iran, Bahrain, Kuwait, Taiwan after 1 December 2019. Policyholders suffering from symptoms such as a cough, with or without sputum; cold or nasal block; fever with body pain and shortness of breath for the last six weeks of buying the policy will also not be eligible to get a claim.

"The product has a list of exclusions making it very specific. Consequently, it may not be a product that everyone will look forward to buying," said Goyal. A number of other general and health insurers too are planning to offer similar products for coronavirus. But if you already have a standard health insurance plan, it makes little sense to go for this product especially after the regulator has advised insurers to cover quarantine cases as well.

You could consider this product if you don't have a health insurance policy in place and are worried about contracting the virus. However, Mint recommends going for a standard health plan first, as it would cover you for hospitalization under any condition. Many health policies also cover pre- and post-hospitalization expenses.

Shweta Jain, founder and CEO, Investography, a financial planning firm, said, "There are just too many exclusions and for a disease that's easy to contract (coronavirus), the policy has gaps which will leave very few people eligible for the cover." Other insurers too might soon come up with similar products but it's advisable to go through the fine print before buying.

(The writer is Disha Sanghvi.)

Source

TOP

How to buy health insurance with maternity coverage – Financial Express – 9th March 2020

Women, in today's world, are taking the lead in making financial decisions. And, if you or your friends, colleagues, relatives etc are getting ready to start their family and have kids – there's a helping hand from health insurance policies in India.

If you are searching for a health insurance policy with maternity benefits, you need to be aware of a few important things. Maternity insurance plan is like any other health insurance policy that provides coverage to expenses related to pregnancy as well. However, the terms and conditions of health insurance with maternity coverage could be slightly different than regular health covers.

Not all health insurance plans may not offer maternity cover, one needs to be careful while the selection of the right health policy. In some policies, it may be specifically excluded as well. "Not all Health Insurance plans cover maternity expenses as a part of the base plan. Many health plans offer it as an add-on benefit or in the higher variants of the plan. However, there is a usually a waiting period," says Shanai Ghosh, CEO, Edelweiss General Insurance.

So, the first thing is to check whether the health insurance policy is offering maternity benefit or not. The most striking feature of the maternity insurance plan is the 'Waiting Period' in them. "The waiting period in maternity covers differs from company to company. However broadly, it is usually in the range of 36-48 months," says Shanai.

By waiting period it means, the expenses related to maternity will not be covered during the period after one has purchased the policy. For example, someone buying maternity cover in March 2020, the pregnancy-related medical bill will be reimbursed only if the expenses have occurred after March 2023 or March 2024. There may not many health insurance with maternity coverage and no waiting period in India. Even if there are any, the premium in those policies could be very high.

Planning, therefore, needs to be well in advance to take the benefit from maternity insurance plans with no waiting period. “Health insurance policy having a maternity cover is a good option that all newly wedded couples can opt,” says Dr. Shreeraj Deshpande, Chief Operating Officer, Future Generali India Insurance.

But, what if one is covered under a group health insurance policy? “Tailor-made group health policies which an employer buys to cover his employees and their dependents may or may not have a waiting period, depending on the option availed,” says Dr. Deshpande. However, relying on group health may not be the right approach.

Having purchased health insurance with maternity coverage, one is sure to get usual coverage as provided by a regular health cover. In addition, the maternity expense will get coverage. “Although coverage differs across insurers, many insurers offer coverage to the baby from day one, hospitalization expenses for delivery, vaccinations and pre-post-natal expenses,” informs Shanai.

As far as inclusions are concerned, the policyholder should be aware of the important terms and conditions. According to Dr. Deshpande, the important things to look at are, “Covers, additional benefits, waiting periods, sub-limits, standard exclusions, exclusions on non-medical charges amongst others.”

Here’s what Shanai has to suggest on one’s health insurance portfolio- “It is advisable to have a base health plan with enough cover for hospitalisation, OPD, pre -post-hospitalisation cover including maternity. You can then add a top-up plan with the base health plan sum insured as a deductible. Some plans cover Critical Illness within the health cover. If not, it is advisable to purchase a standalone Critical Illness plan as well.”

(The writer is Sunil Dhawan.)

TOP

Source

Coronavirus: Should you depend on your traditional health insurance? – Business Today – 6th March 2020

India no longer remains immune to coronavirus that has caused serious concerns among most Indians. While the best course of action is to take precautions and preventive measures, if indeed you get infected, the treatment may need weeks of hospitalisations. The cost becomes a critical issue in case of a prolonged hospitalisation. This is the reason why many people buy health insurance policies so that funding does not come in the way of accessing quality treatment. However, as this virus has been discovered very recently, many people with active health insurance policies are worried if their health insurance will cover the treatment of this disease.

To address the concerns of the policyholders and to bring clarity on the coverage of corona virus, the insurance regulator IRDA has come up with guidelines for the insurance companies. The regulator stated, "Where hospitalisation is covered in a product, insurers shall ensure that the cases related to corona virus disease (COVID 19) shall be expeditiously handled."

IRDA has issued strict instructions to health insurance companies against rejecting any claims related to coronavirus. "All the claims reported under COVID 19 shall be thoroughly reviewed by the claims review committee before repudiating the claims," the regulator said in the guideline.

Many insurance companies have also clarified to their policyholders about the coverage of the disease either by personal communication or through media. "Any policyholder hospitalised for Cronavirus condition will be insured under our hospitalisation policies. As a customer centric company, we will expedite claims for the treatment of Coronavirus patients and provide them all necessary support. The claim process will be similar to other disease conditions. The travel history or family history of the person will not have any impact on the policy and the claim process. In case the policy has an in-built OPD benefit, expenses towards treatment taken at home can be reimbursed as per policy terms. We also believe that the Government of India and Health departments are taking necessary steps to manage the situation in the country," says Ashish Mehrotra, MD & CEO, Max Bupa Health Insurance.

Aditya Birla Health Insurance has also assured that COVID 19 is already covered. "In the past few years, the world has faced outbreaks of dreaded viruses such as Ebola, Zika, Nipah, and now Corona. A health insurance policy covers all infections, and Corona is one such infection. Coverage will be available in all our products that offer hospitalization covers. Hence, all covers such as in-patient treatment, pre-hospitalization, post-hospitalization, OPD and ambulance cover that your health policy offers will be available to you, to fight against this pandemic," says Mayank Bathwal, CEO, Aditya Birla Health Insurance.

Though the likelihood of this disease not being covered under your health insurance policy appears remote, you should not take chances and read the policy wording carefully to have a clear understanding of the coverage. If there is any confusion you should immediately get in touch with your insurer to confirm the coverage.

Many insurance companies are even looking at bringing specific product that can help people in buying protection against this outbreak. It may come at much lesser cost than comprehensive plans. "Our standard health policy is capable to take care of corona virus coverage. As of now we are evaluating if there is any requirement for a corona specific cover.

Going forward, if the need arises, we will look at bringing out a specific product to address for such diseases as appropriate. On the claims front, we comprehend that Covid -19 is a disease of epidemic proportions and will have deeper impact on people's lives, we are trying to provide all the help. SBI General is Not rejecting any claim without minimum compliance of regulatory requirements as prescribed," says Pankaj Verma , Head - Market Underwriting Operation, SBI General Insurance.

Many of the coronavirus cases have originated at distant places and have been spread by travellers. So reducing public travel is one of the most prominent advisories to protect against COVID 19. If you are travelling abroad and buying a travel insurance policy or a health insurance policy, it may be handy to claim against this viral disease. However, you need to check the exceptions. "As an immediate impact, we expect reduced travel but higher penetration of insurance programs both for travel and general needs.

One should carefully look at the policy wordings before buying with regards to waiting periods, exclusions and coverage limitations. Existing insurance programs will cover hospitalisation expenses but may cover OPD and quarantine expenses depending on the exact policy wording. Also look carefully for any travel restrictions built into the insurance plan," said Anik Jain, Co-Founder & CEO, Symbo India Insurance Broking Limited.

If you have already done a travel with travel insurance and do not have a health cover, you need to check your travel insurance policy wording. There are chances that it may offer coverage against this viral disease immediately after the period of your travel. Beside the coverage of the disease, you will also have to look at the period of the coverage as many time travel insurance comes for a very short period.

(The writer is Naveen Kumar.)

Source

TOP

Why women need to start taking insurance seriously – Deccan Herald – 8th March 2020

An equal world is an empowered world. To highlight this equality, International Women's Day is observed to celebrate womanhood. This year's campaign theme is drawn from International Women's Day 2020 notion of 'Collective Individualism ', #each for Equal which aims to help women identify their priorities towards themselves and elevate their own existence. And one of the biggest priorities is to be insurance-aware.

Women always contribute immensely to the overall well-being of the family and in the process often neglect their own health. When it comes to insurance, they, unfortunately, underestimate their value and do not take financial protection offered by insurance against many risks in life. Women generally have a predisposition to delay when it comes to taking a financial decision. They are so occupied in juggling home and office, they often forget themselves.

Women's health issues are unlike men and need special attention. But unfortunately, very few women give importance to their health. According to Manipal Cigna's 360 Well-Being Survey 79% women suffer from stress. Insurers have finally started getting serious about catering to the health insurance needs of women. It has been noted that women have a greater chance to fall prey to critical ailments such as arthritis, diabetes, irregular BP, etc. Health insurance planning cannot be overlooked and should be done as soon as possible.

It is widely presumed that men are more vulnerable to heart ailments, but on the contrary, certain heart diseases only affect women and thus escalate the possibility of coronary artery disease, the primary cause of heart attack.

A woman's heart is generally reduced in size as compared to that of a man, it is been witnessed that women in as early as the age of 35 years can be at risk of heart disease.

With growing lifestyle problems such as disordered sleep-wake cycles, a rise in the average age of the pregnancy, the number of gestational diabetes cases is projected to increase significantly going forward.

This ailment is affecting millions of women globally and Indian women are not lagging. Many women in India with Gestational Diabetes Mellitus run the risk of developing type-2 diabetes within a few years of giving birth. Type-2 diabetes is the world' fastest-growing chronic disease.

Working women experience a lot of stress in managing work and household duties. Only 67% of working women participate in Workplace Wellness Programs. This can be taxing on their health which might result in critical illness. The cure for cancer-related diseases is among the most expensive, that can blow away one's life savings. The cancers that usually affect women are endometrial, breast, colon, cervical, skin, and ovarian cancers. In India, almost more than half a million people succumb to cancer every year.

The modern urban Indian woman is contending against time, traffic and co-workers, battling two or more often entirely different spaces at work and home, and ultimately leading a stress-filled, less health-oriented timetable. Consequently, more and more women are facing issues like the incapability to conceive or infertility.

The reproductive health of Indian women is below the global average due to lack of proper nutrition, derelict rural health care, sanitation, sex education, and transport facility among others.

The intensity and speed of these diseases are ever-increasing, thus it is imperative that women take charge of their health by timely investing for their overall well-being. Disruptive lifestyle patterns result in unhealthy patterns but can be amended if managed with little care and precautions. Financial cover in times of medical emergencies can be the best possible thing to be able to count on.

Nobody plans and gets sick but one can definitely be prepared for the financial aspect. Therefore, to guarantee lifetime access to excellent healthcare, safeguard long-term financial goals and live a healthier life, women need to focus on them before the alarm sounds because they have a family to look after. So this Woman's Day, take the first step to bring the focus back on yourself and choose a health insurance plan. It is a step towards #EachforEqual.

Women, invest in yourself!

(The writer is Sapna Desai.)

TOP

Source

ArogyaSanjeevani Policy: Guidelines modified by IRDAI – Check impact on premium – Financial Express – 7th March 2020

Arogya Sanjeevani Policy, the standard health insurance policy, is set to be cheaper for policyholders. IRDAI has allowed insurers to issue the policy contract of Arogya Sanjeevani Policy in the electronic or digital format to the policyholders.

This move by The Insurance Regulatory and Development Authority of India (IRDAI) will help insurance companies to keep the cost of servicing such policies low so as to pass on the benefit to the policyholders.

The IRDAI has recently modified the guidelines on Standard Individual Health Insurance Product called Arogya Sanjeevani Policy as far the issuance of the policy certificate is concerned. As per the regulations, providing policy documents in physical form is mandatory when policies are issued in electronic form directly to the policyholders.

However, since features and even the terms and conditions of Arogya Sanjeevani Policy are common across all the insurers, IRDAI has allowed insurers to issue the policy contract of Policy in electronic or digital format, thus saving on costs. The objective is to reduce the operating or servicing costs and to pass on this benefit of reduced operational cost to the policyholders by way of affordable premiums.

The insurers have to ensure that the digital form of the policy contract is forwarded through email or a link is provided in the certificate of insurance. However, where policyholder specifically seeks the physical form of the policy contract, the same shall be provided by the insurer.

IRDAI has also mandated that every insurer offering Arogya Sanjeevani Policy should provide a certificate of insurance to the policyholder indicating the availability of health insurance coverage. The certificate shall have a reference to access detailed terms and conditions of the policy contract.

In order to make buying of health insurance policies simpler, in January 2020, the IRDAI had made it mandatory for all standalone health insurance companies and general insurance companies to offer a standard health product to the policyholders. Such a standard health policy is to be called Arogya Sanjeevani Policy.

Earlier, the insurers had to be ready with such a product from April 1, 2020 but later on, the regulator relaxed the time line and allowed any insurer to launch the product even before April 1, 2020. Till date, no insurer has launched such their Arogya Sanjeevani Policy for the policyholders.

The maximum sum insured in Arogya Sanjeevani Policy is Rs 5 lakh and therefore, one may have to buy additional insurance as in these times when medical inflation is rising, this limit could be too low.

As the features of Arogya Sanjeevani Policy are going to largely similar, buyers will stand to benefit by avoiding to make a comparison of health insurance plans. The choice will largely depend on the premium and the level of comfort that the buyer has regarding the insurance company.

(The writer is Sunil Dhawan.)

TOP

Source

MOTOR INSURANCE

Vehicle insurance to cost 5% to 15% more from April 1 – The Hindu Business Line – 11th March 2020

The mandatory motor third-party insurance for your vehicle will cost 5 to 15 percent more from next month. IRDAI has proposed a hike of over 5 percent to 15 percent in the premium of mandatory motor third-party insurance from April 1. According to the draft circular, the proposed third-party premium rates for various classes of vehicles will go up based on the class of vehicles. For private cars not exceeding 1,000 cc, the premium rate has been proposed at ₹2,182 for FY21 against the existing rate of ₹2,072 for FY20.

The proposed hike for cars of 1,000 cc to 1,500 cc has been pegged at ₹3,383 (₹3,221), while the premium for cars that exceed 1,500cc will remain at ₹7,890. For two-wheelers, a 5 percent hike has been mooted across all categories. For public goods-carrying vehicles (other than three-wheelers) that do not exceed 7,500 kg, the proposed revised premium is ₹16,092 (₹15,746). For those between 7,500 kg and 12,000 kg, it is ₹28,288 (₹26,935), while for those in the range of 12,000 kg to 20,000 kg, the premium will be ₹35,139 (₹33,418).

The writer is G. Naga Sridhar.

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Source

Auto Insurance: 12 tips to reduce car insurance premium – Financial Express – 6th March 2020

Owning and maintaining a car costs a lot of money, but it doesn't have to leave you broke. Car insurance premiums are getting increasingly expensive. Before buying a new vehicle, find out how much it's going to cost to insure it. Premiums can vary widely based on the make, model and year of a vehicle. There are the following steps that can do to minimize or reduce the burden on your wallet.

Shop Around for Better Quotes:
If your policy is about to renew and the annual premium has gone up markedly, consider shopping around and obtaining quotes from competing companies. It makes sense to obtain quotes from other companies just in case there is a lower rate out.

All general insurance companies offer online covers. Based on the age, driving record, profession, and various other criteria specified by Insurer avail car insurance premium discounts.

Opt appropriate Coverage:
A car insurance policy is typically a pre-defined set of benefits. Nevertheless, avoid unnecessary add-ons you do not really need. This helps lower the car insurance premium to some extent.

Avoid additional fittings: Your car insurance premium is generally computed at basic level coverage based on vehicle value, vehicle age, fuel type, etc. Any additional fitting which doesn't come as factory fitted attracts a higher premium.

Raise Deductibles:
Slash your auto premium drastically by raising your deductible component. Decide how much you can afford to spend out of pocket; then, adjust your deductible accordingly.

Don't Claim Small Sums:
You are entitled to a no-claim bonus (NCB) for every claim-free year. Even for the smallest claim you make, you lose this distinct advantage which can lower your car insurance premium up to a maximum of 50%.

Avoid Policy Lapse:
Once your car insurance policy lapses, you may not qualify for NCB that you would otherwise eligible for. To renew your car policy without break and within 90 days from the expiry date.

Transfer NCB from Old to New:
Auto insurance is linked to the person who buys it, not to the car. An advantage of not making a claim is that the bonus accumulated is transferable to the new car you purchase.

Install Safety Features:
Installing safety features/anti-theft devices like locks for the steering wheel and gear, airbags, anti-theft alarms, etc. could fetch you a discount on your premium. Further, people linked with associations like AAI or the WIAA, can get special discounts on premiums.

Reduce Coverage on Older Vehicles:
If your car is old and paid for, consider eliminating your collision coverage. It is the coverage that pays for any damage caused to your vehicle, and it makes up a big portion of your insurance cost.

Concession for Laid-Up Vehicles:
Vehicle laid up in garage and not in use for a period of not less than two consecutive months will be entitled to a pro-rata return of premium for the period during which the vehicle is so laid up.

Long-Term Cover for New Car:
For your new car, a long term policy of three years is entitled for OD discount. Long term policy is also eligible for discounted Third-party premium as decided by IRDAI.

Some insurance companies are also offering discounts based on the profession of the insured (viz: doctors, teachers, lawyers etc). But beware of car insurance firms who claim to offer 'free' insurance – this is usually free only for the first year and cannot be customized.

(The writer is Neeraj Prakash.)

Source

TOP

PENSION

Retirement planning: Do not ignore individual pension plans – Financial Express – 13th March 2020

Do Indians enjoy financial freedom in their retirement days? If we calculate the size of the funds available with EPFO, NPS and companies in the organised sectors providing superannuation, the total amount will be below 10% of current GDP. Size of pension funds of most developed countries are much more than their GDPs. The Netherlands leads the pack with its pension fund amounting to 160% of GDP.

In India, less than 12% of the population is covered by pension plans even as the birth rate is falling and longevity of the Indians is increasing. Many Indians are going to live for a period almost as long as their working life. But financial future of most Indians is very uncertain. In OECD countries, more than 60% of the citizens are covered by some form of pension.

Funding retirement

So, how are Indians planning to finance their living expenses after retirement? Surveys show 50% Indians believe their children will be financing their old age expenses. The rest however, are not so hopeful. Are Indians serious about building their retirement corpus while in service? Research shows that they start thinking about life beyond retirement only after 40. At that time, they have their families and worry about their future as well. Some of them believe that the pension granted by employers will be adequate to meet the expenses of the remaining part of life. Anything less than 60% of the last drawn salary would possibly be inadequate.

Under Defined Benefit schemes, hardly any employer gives as much pension. Presently, employees are covered by Defined Contributions (DC) schemes. The low-growth/ low-interest economic environment is reducing the long term benefits of compound interest under DC schemes. Those who have access to only EPF will get 30% of the last drawn salary. Only a combination of PF, superannuation schemes and NPS will possibly take a person to 63%. These are back of the envelope calculations made by actuaries.

In fact, NPS covers only 10% of the workforce. Even EPF is not statutory for employees of very small business establishments. Moreover, many employees withdraw a large part of their EPF savings during the period of active service to meet emergency expenses. Thus, most Indians are not properly equipped to lead a financially independent retired life. This also means insurers have a large market to sell customised Individual Pension Plans (IPP).

Individual Pension Plans

Unfortunately, the IPPs are not as popular as endowment, term and unit-linked insurance plans. Even when people buy these products, they come out of it before the end of the policy terms. This defeats the very purpose of buying pension products. In India, people need pension even more as there is hardly any social security schemes (except APY to some extent) that offer decent pensions to the citizens. Pension products fetched only 10.33% of the total business of life insurers in 2018-19. And this includes pensions provided under group schemes as well.

Promoting pension system

The Melbourne Mercer's Index that measures the extent of development of a country's pension system did a survey in 2018-19 on the criteria of adequacy, sustainability and integrity of the pension systems in 37 developed and emerging markets including India. The weightages of these three criteria are 40%, 35% and 25%, respectively. India's rank is 32. This necessitates promotion of a strong pension system. While India does well on integrity and fairly okay on sustainability, its performance on adequacy has been adjudged as very low.

A retired life with financial freedom must be an important financial goal. Insurers should launch a nationwide campaign to urge each citizen in the 18-45 years group to build a reasonable pension corpus. They have a responsibility to encourage people to secure their financial future by developing a pension corpus that is not too much exposed to market risks and yet capable of providing a decent flow of pension for a very long time.

(The writer is Nirjhar Majumdar.)

Source

TOP

India: Pension regulator plans separate trust for private pensions – Asia Insurance Review

India's pension regulator is looking to set up a separate trust to manage pension funds of private sector employees and also to regulate all the pension funds which currently do not come under any regulations.

Mr Supratim Bandyopadhyay, chairman of the Pension Fund Regulatory and Development Authority (PFRDA) told Indo-Asian News Service, "We are looking forward to a separate trust for only private sector pension funds."

The current structure is that the newly established NPS (National Pension Scheme) Trust handles both private and government-sector pensions. The NPS Trust operates as an independent body in managing funds but is under the PFRDA's supervision. The majority of the funds that NPS Trust manages belong to state and central government employees.

Mr Bandyopadhyay said that there is also a proposal for the PFRDA to regulate other pension schemes that are not being regulated by anybody right now, like approved superannuation funds which receive approval from the income tax authorities for their tax benefits.

"But subsequently whether they exist, whether the funds are being invested properly, whether the pension payouts are being made in the right manner, nobody looks into them... PFRDA wants to regulate into these funds also," he said.

Similarly, many other pension schemes in the market currently are unregulated, he said. PFRDA regulates the NPS, which is subscribed to by central and state government employees and by employees of private institutions/organisations and those working in the unorganized sectors.

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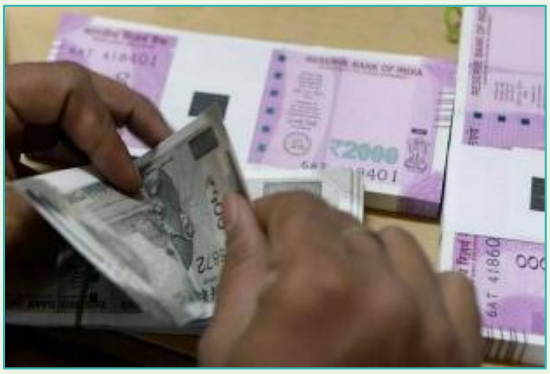
Source

Proposal on EPS: Centre's share only for those with basic of Rs 15,000 per month or less – FinancialExpress – 12th March 2020



The Centre is likely to limit its contribution towards Employees' Pension Scheme (EPS) by not giving this benefit to new entrants into the EPF system earning more than Rs 15,000/month, as basic salary. Currently, the Central government contributes 1.16% of each EPF subscriber's monthly salary towards his EPS account, but the salary base for computation is capped at Rs 15,000/month, so that the monthly contribution doesn't exceed Rs 174/month.

EPS is also funded by employer's share of 8.33% of basic salary-plus-DA, subject to a monthly cap of Rs 1,250. EPS is compulsory to all members contributing to EPF. "As per the proposed amendment, the Central government's contribution towards EPS at 1.16% of the member's pay shall be deposited into individual pension accounts of the concerned members. No Central government contribution to pension fund shall be payable for members with pay above Rs 15,000 per month," the Employees' Provident Fund Organisation (EPFO) has said in its recommendations to the government. The new scheme, however, will be an inclusive one for all income groups.

The government sanctioned Rs 5,757 crore to the EPS in 2017-18, Rs 4,285 crore in 2016-17, Rs 3,280 crore in 2015-16, Rs 2,300 crore in 2014-15 and Rs 1,944 crore in 2013-14 and Rs 1,400 crore in 2012-13. But increasingly, there has been delay in release of the sanctioned amounts.

The Central Board of Trustees (CBT), EPFO's apex decision-making body, has already given its in-principle approval to the proposed amendment in this regard. The matter also came up for discussion in the latest CBT meet, but got deferred.

The Employees' Pension Scheme, 1995 came into effect on November 16, 1995 and with its introduction, the erstwhile Employees' Family Pension Scheme, 1971 ceased to operate and all the assets and liabilities of the old scheme were transferred and merged with the EPS, 1995. EPS aims at providing economic sustenance during old age and survivorship coverage to members and their families.

The government had constituted a high-powered committee for evaluation and review of the EPS, 1995. In its report, submitted on December 12, 2018 the committee recommended that the government may consider formulation of a new scheme based on defined contribution with protection of a minimum pension for prospective entrants.

(The writer is Surya Sarathi Ray.)

Source

TOP

Is Provident Fund contribution cut for professionals, working women and Divyangs expected? – Financial Express – 12th March 2020

The Union government is not planning to reduce the percentage of Provident Fund contribution from few professionals, working women and Divyand professionals, according to Minister of State for Labour and Employment Santosh Kumar Gangwar. The minister said this in a written reply to a query in the Lok Sabha this month.

The minister was asked: "whether it is a fact that the Government is planning to reduce the percentage of contribution to PF from few professionals and if so, the details thereof." He was also asked "whether the Government is planning to include working women and Divyang professionals into the list of less contribution to PF." Gangwar replied in negative to both these questions.

Currently, employees have to contribute 12 per cent of their monthly towards PF account. A matching contribution is made by the employer also. However, 8.33 per cent of the employer's share goes towards Employees Pension Scheme and the remaining amount is contributed towards the Provident Fund account of the employee.

In reply to another question on the number of employees covered under ESIC policy, Gangwar said that till 31-03-2019, there are 3.49 crore insured persons covered under ESI Scheme. These ESIC insured persons can avail medical services from 159 ESIC/ESIS hospitals and 1442 ESI Dispensaries across the country.

The Employees' State Insurance Corporation (ESIC) provides social security to workers in the organized sector. Insured persons and their family members as defined in Employees' State Insurance (ESI) Act, 1948 are entitled to the benefits available in the Act.

The EPFO's Central Board of Trustees last week recommended crediting of 8.5 per cent annual rate of interest on the EPF accumulations in the EPF members' accounts for the year 2019-20. The Board also ratified and appreciated restoration of normal pension after 15 years from the date of commutation, benefitting about 6.3 Lakh pensioners who had opted for commutation under the erstwhile Para 12-A of EPS, 1995 on or before 25.09.2008.

(The writer is Rajeev Kumar.)

Source

TOP

EPF-covered employee? Assured benefit of Rs 2.5 lakh-Rs 6 lakh extended – Check new rule - Financial Express – 11th March 2020

Employees' Deposit Linked Insurance Scheme Rule Change 2020: Here's good news for EPF-covered employees. The Employees' Provident Fund Organisation (EPFO) has decided to extend the minimum assurance benefit under the Employees' Deposit Linked Insurance (EDLI) scheme. A decision in this regard was taken in the 226th meeting of the Central Board of Trustees (CBT). Now, the benefit will be provided to the family members of a deceased employee, who dies while in service, even if he has worked in several firms in the year preceding his death. This benefit was previously not paid if the member worked in more than one establishment during a continuous period o 12 months preceding his death.

The decision to change the provision for providing the minimum assurance benefit comes two years after the CBT had decided to hike the minimum assurance limit to Rs 2.5 lakh from Rs 1.5 lakh in 2018. The assurance benefit an eligible employee can get under EDLI scheme is capped at Rs 6 lakh.

"The Board recommended to extend the provision of minimum assurance benefit of Rs. 2.5/3 Lakh, payable to family members of deceased employee who dies while in service. Earlier, the benefit of minimum assurance of Rs. 2.5 Lakh and maximum assurance amount of Rs.6 Lakh was not payable where the member worked in more than one establishment during a continuous period of 12 months preceding the month of death. Now Board has approved to extend these benefits even if a member had worked in multiple establishments," the Ministry of Labour and Employment said in a statement on March 5.

EPF members are automatically covered under EDLI scheme, which provides for payment of Rs 2.5 – Rs 6 lakh to an employee's nominee in the event of his death during service.

In the meet, the Board also approved an amendment in Para 28(4) of EDLI Scheme 1976 to delegate the power to Additional Central Provident Fund Commissioners to grant online exemption. This decision will likely benefit lakhs of employees of more than 25,000 establishments, the statement said.

(The writer is Rajeev Kumar.)

Source

TOP

Pension market set for deep reforms; foreign funds to get more leeway – Business Standard – 9th March 2020

Deep reforms are on the anvil in the country's pension market, with plans to permit foreign pension funds to set up independent pension trusts and make the Pension Fund Regulatory Development Authority (PFRDA) the sole authority to allow a pension product into the market. This could entail a thorough rewrite of the pension products that insurance companies and some mutual funds offer today in the fast-expanding market for retirement products in India. These are part of some 30 changes that the finance ministry is planning to bring in by amending the PFRDA Act of 2013. The amendment will also involve a change in the name of the regulator. Instead of ‘Pension Fund Regulatory Development Authority’, the regulator will be known as Pension Regulatory Development Authority.

(The writer is Subhomoy Bhattacharjee.)

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IRDAI CIRCULARS

Handbook on Indian insurance statistics F.Y. 2018-19 (INDEX) is available on IRDAI website.

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Brokers list as on 29th February, 2020 is available on IRDAI website.

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List of corporate agents registered with the authority as on 29 Feb 2020is available on IRDAI website.

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GLOBAL NEWS

Pandemic declaration leads to withdrawal of travel insurance coverage - Asia Insurance Review

In response to WHO declaring the coronavirus a pandemic earlier this week, travel insurers globally have already stepped up to limit the coverage of their issued policies. More insurers are expected to follow suit as travel restrictions continue to ramp up given the worsening nature of the ongoing pandemic.

In the UK, travel insurers Aviva, InsureandGo and the Post Office have withdrawn cover for future COVID-19 claims according to a report from The Guardian.

However, travellers who bought policies from all these firms prior to 11 March will be able to bring claims as before, said the Association of British Insurers (ABI).

Aviva has halted all single-trip direct travel insurance for new UK-based customers travelling to Italy 'to reflect the current risks posed by coronavirus”. At the same time, customers buying the insurer’s cover for trips to other destinations will no longer be able to select its ‘travel disruption’ or ‘airspace closure’ add-ons.

Post Office, a local retail post office firm offering insurance along with other products, said it would continue to sell travel insurance policies but would no longer provide cover for any claims related to COVID-19 for policies purchased after 11 March.

InsureandGo, owned by Mapfre of Spain, announced that customers who bought a policy after 11.59pm on 11 March will not be able to make any claim relating to the coronavirus.

Meanwhile, in a drastic move – major British insurer LV temporarily stopped selling travel insurance policies to new customers with immediate effect.

"We considered a number of different options, such as excluding cover or significantly increasing prices for new customers. We strongly believe this temporary measure of pausing the sale of new policies and focusing on our existing customers is the right decision," said the insurer in a statement on its website.
To alleviate concerns from travellers who have purchased or are looking to purchase travel insurance, the ABI has reassured people that its member travel insurers are offering enhanced help and support to all their customers.

The commitments include considering all valid claims for cancellation and travel disruption where compensation is not available elsewhere as quickly as possible, and, if necessary, ensuring that extra resources are available to offer prompt help and advice to customers.

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Source

Taiwan: New rule on investment-linked policies lowers credit risk - Moody's - Asia Insurance Review

A new regulation for Taiwanese life insurers' investment-linked policies became effective on 1 March, barring target maturity bond funds linked to these policies from investing in bonds rated below Baa1 from Moody's or equivalent ratings from other rating agencies.

In addition, the holding of bonds rated Baa1 cannot account for more than 40% of these bond funds' net asset value. Additionally, for all investment-linked policies sold, insurers are now obligated to notify policyholders within three days if any bond these policies hold is downgraded to Baa1 or lower.

The new regulation is credit positive for insurers because it would mitigate the risk of mis-selling by lowering the credit risk in investment-linked policies, says Moody's Investors Service in an article in the the 11 March 2020 issue of "Moody's Sector Comment".

Mr Mike Liu, associate analyst; Mr Kelvin Kwok, analyst and Ms Sally Yim, associate managing director, all of the Financial Institutions Group at Moody's Investors Service, co-writers of the article, say that as interest rates have stayed low for a prolonged period, investment-linked policies have gained importance in insurers' product mix and accounted for around 30% of their first-year premium (FYP) in recent years.

Target maturity bond funds are a common anchor to these policies because of the attractive yields they offer. However, some of them have high credit risk because of their sizeable allocation to non-investment grade bonds.

Credit risk
The introduction of a credit-risk cap under the new regulation means it will be less likely for insurers to be accused of mis-selling after losses from investment-linked policies.

These polices are not principal-guaranteed by insurers and as a result their value could fall sharply in bond market downturns and in case of defaults of the underlying bonds. This could lead to disputes between insurers and policyholders, regulatory investigation and even reputational damage for insurers.

The new regulation will reduce potential losses suffered by policyholders and thus grievances and disputes with insurers. It also underscores the Financial Supervisory Commission's aim to promote proper sales practices and consumer protection.

Moody's said, “We do not expect the new rule to crimp sales volume of investment-linked policies. Although insurers may have to cut the yield for these policies, they will remain attractive for yield-seeking customers amid the low interest rate environment. Overall, the regulation will improve market transparency and promote informed interaction between insurers and customers.”

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