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QUOTE OF THE WEEK

"Experience is not what happens to you; it's what you do with what happens to you."

Aldous Huxley

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Damage Insurance

Water damage insurance is coverage that is part of a homeowner's insurance policy. This coverage pays to repair a house and replace belongings after certain types of water damage. These policies only cover sudden and accidental water damage like when a heavy rainstorm destroys the roof or when an appliance suddenly malfunctions and floods the basement.

Water damage from an ongoing problem that could have been fixed isn't covered because the insurance company considers it negligence. For example, if a leaky pipe eventually bursts, the damage won't be covered.

Also, many policies don't cover damage from flooding, especially if you live in a high-risk area like near a river, on the coast, or in a valley. You need to check with your insurance company to see what's covered in your policy.

INSURANCE INDUSTRY

Can the new Irdai chief bring in much-awaited reforms in insurance sector? – Business Standard – 23rd August 2022

Tales of overcharging by hospitals are not only common on social media but also elicit major support. These tales have become more strident in the post-Covid phase. Some changes could be happening with the current wave of orders from the sector regulator, the Insurance Regulatory and Development Authority of India (Irdai). "The regulator has made recent moves to think about managed health care as a possible idea. It is an opportunity to move forward from indemnity insurance, which is only what health covers in India currently offer", said Nachiket Mor, eminent economist and currently Commissioner on the Lancet Citizens' Commission on Reimagining India's Health System.

At the other end of the insurance market, Life Insurance Corporation (LIC) has said the worst of the death claims due to Covid are now behind it. "There is a decline of nearly 20 percent in death claims in the first quarter of this fiscal with the Covid impact seen to be ebbing, though the amount is still higher than pre-2020 levels", said chairman M R Kumar in the post-earnings call with analysts this week. LIC was listed in May this year and despite downbeat expectations, has not done too badly. True, the scrip is down 17.3 percent, but analysts have now issued an upbeat note on it. For Irdai chairman Debasis Panda, LIC's fortune and reforms in the health insurance sector will be the two most difficult tests to pass. If, as the analysts believe, the LIC share price begins to do well from here, Panda will have room to breathe. Reforming the health insurance is difficult. Despite issuing a flurry of orders to relax regulations in the health and other sectors along with oral directions on annual targets for the life and non-life insurance companies to comply with, the pain points in this line of business are proving tough to deal with.

"People sometimes bear the brunt of exorbitant bills. There are service providers (hospitals) where there is no regulator — they have a free hand in pricing", said TL Alamelu, former member (non-life) at the Irdai had said, at an industry event last year. Insurance companies also admit those complaints are correct but are unwilling to come on record. The usual complaint about policies is that either the insurance payout is too low or the hospital blew a hole in the purse. Health insurance is the product that non-life insurance companies sell the most. It accounts for 39.1 percent of all premiums collected, with motor insurance a distant second at 28.9 percent (Q1FY23). Often thanks to the mis-selling by hospitals, health is also the product with the most complaints. Insurance Ombudsman data shows complaints about health insurance outscored other sectors 4:1 in FY22. For them, this is what is missing is tangible changes in the way hospitals charge them. The complaints are not just any industry problem. They underscore why many Indians are reluctant to buy any insurance products. India's insurance penetration for non-life is 1.7 percent, significantly low than what per capita income warrants. But this does not disturb the companies since, despite the constraints, the non-life insurance industry is continuing with its growth momentum reporting more than 1.5x growth than in Q1FY22. These are heady numbers.

Irdai chairman Panda's key problem is that the hospital industry is not under the thumb of the insurance regulator. The industry is hardly under any central law to contend with, only a clutch of municipal laws. Despite what Alamelu said, the regulator is nowhere near enforcing discipline in the rates charged by hospitals. To its credit, the Irdai has created a Preferred Provider Network of hospitals, a ring of medical centres, which are willing to coordinate their rates. This is supposed to encourage insurance companies to guide the insured to take services from only these hospitals. "It has had a limited impact as hospitals do not advertise the advantages and the rates hardly match", said a top health insurance manager in a public sector insurer.

While many states have signed on to Prime Minister Jan Arogya Yojana (PMJAY), a health insurance scheme, partially funded by the states and the central government, they are finding it difficult to locate insurance companies to apply. One reason is the low premium the states are willing to pay from their budgets. Mor said with thin expenditure state governments are launching new purchasing package in addition to their already underfunded schemes. Under PMJAY— touted as the world's largest health insurance policy, covering 107.4 million people — a family gets an annual limit of Rs 5 lakh as health insurance cover for secondary and tertiary care in hospitals across public and private empanelled hospitals in India. Claims are naturally high, because of which the insurers are reluctant to bid for the business from the state governments. Almost none of the standalone or other non-life private sector companies have bid, leaving only the government-run insurance companies as bidders. Compared to the 22.5 percent growth in the overall health portfolio in Q1FY23, the growth in government business was a third at 8.1 percent in the same period.

Two other similar schemes, Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), that offer a social security net for those at the bottom of the pyramid have also been dependent only on LIC and the state-run general insurers. Agreeing with Mor, Winnie Yep, professor of Global Health Policy and Economics in the department of Global Health and Population at the Harvard T.H. Chan School of Public Health, said the solution is to offer government financed outpatient care. It will encourage the public to go in for early treatment, cutting the load on inpatient and insurance services. "India has instead decided for slicing the population with a public insurance for inpatient services which is expensive and asks the public to pay from their pocket for outpatient care. It is like China, costly". Both were speaking at a seminar, Health System Dialogues organised by Delhi based, Centre for Social and Economic Progress.

Ratings company CareEdge report shows companies market health insurance only to salaried segments. "It has the largest market share at 57 percent with a retail long way down at 33.7 percent", an officer handling the sector in a private sector company said. In this context, the Irdai offer to companies for use and file policies will encourage the move towards managed health care. Companies can pilot policies that are preventive instead of those which only pay for incurred medical care. , Companies can now launch a new health policy and then apply for registering it. Mor, however, warned this could only happen if Irdai brought down entry barriers. "Commercial health insurance has a entry barrier in India. It requires six times more capital than EU, say France to set up a company. There is no logic".

It is also a demand from the industry generally. They want to Panda to ease the rules for raising capital. Foreign investors are chafing at the 74 percent limit for foreign direct investment (FDI) in the sector. They want the limit to be raised to 100 percent. Since the domestic partner in most cases is unwilling to put in more money, it has proved difficult for the existing insurance joint ventures in life and non-life to expand. If the FDI ceiling is done away with, foreign ventures will not need to form joint ventures with the cash-strapped domestic companies. Irdai has made some halfway changes here, like doing away with segment-wise reporting of business for all companies. In a blitzkrieg of sorts, it has also allowed more marketing freedom to the companies, relaxing the rules of where they can invest their money.

“One way out could be to relax the rules for raising money for the specialised insurers”, said an informed source. Other than health there is a clutch of insurance companies at the bottom of the pyramid that have thin capital selling specialised products. Current regulations insist they also have to sell motor and health policies in the same proportion as the larger companies that have larger purses. “Unless the headline investment orders are relaxed, changes like allowing banks to become corporate agents of nine insurance companies in each line of business, from the current limit of three will not help”, a reinsurance company chief said. “However, as more companies have been handed out first stage licenses for doing underwriting business, the pressure to perform will rise”, he said. “The smaller companies were trying out many alternatives to reach the regulatory goal posts. Irdai has simplified matters”, said a CFO in one of the insurance companies. S Mohan, Managing Director of Paavana Insurance Brokers, however, while welcoming the expansion said a larger number of insurance underwriters offering insurance under the brand of the same bank, “would raise the costs for the insurers. Their gross realisations could be less and so the payouts for the corporate agents could be less”. The math could change if the market expands widely. Hopefully, analysts expect, these will bring more transparency in the reporting of accounts by the companies, making it easier for the shareholders and policyholders to take informed decisions on the health of the companies.

Irdai wants the scope of the sector to expand from the puny $108 billion as it exists in India. To balance the approach, the regulator has also issued a series of orders making stricter anti-money laundering guidelines. To support the regulator, the finance ministry has decided to raise the premium rates for two government-run insurance schemes that provide life and accident cover for India’s poorest. The premium for PMSBY was raised to Rs 20 from Rs 12, annually — a two-third rise, while the premium for PMJJBY, a life insurance scheme, jumped to Rs 436 from Rs 330, a 33 percent rise. “No revision of premium rates was made in the last seven years since the inception of the schemes in spite of recurring losses to the insurers”, noted a government press release. A finance ministry data set notes there are 64 million policies under the life cover and 220 million for the accident cover, as of March 31, 2022. The government aims to double the life cover to 150 million and for the accident cover to 370 million in the next five years. The schemes are administered by the state governments with the banks as intermediaries. The insurance companies, life and non-life, bid for the business. The claims are paid by them to the accounts of the beneficiaries held in the banks.

The new revisions in premiums will pull down the costs for the insurance companies. Over the years, as the number of those covered has risen, the revenue model has come under pressure. As Irdai data put up to the finance ministry shows, the combined ratio (sum of claims ratio and expense ratios) has reached 163.98 percent for PMJJBY and even more steep 254.71 percent for PMSBY (March 2022). Insurers consider a business unviable if the losses exceed 100 percent. “The current premium rates were decided upon when the scheme was launched in 2015, without any actuarial inputs”, said a government official. While there was a plan to draw up studies based on the claims experience, within a couple of years, it did not happen, the source added. "India is moving towards a mandatory basic coverage like PMJAY and then offering a voluntary insurance cover to top it up”, said John C. Langenbrunner, a Health Economist and a former senior officer with the Bill and Melinda Gates Foundation. To make the transition smooth, India needs to dovetail policies for a managed competition model he added. Health policies with price and benefits need to be updated every year. Langenbrunner, who has co-authored the NITI Aayog book

"Health System for a New India: Building Blocks", suggested transforming the National Health Authority as a central board to do all that.
(The writer is Subhomoy Bhattacharjee.)

TOP

Accelerating growth in the Indian insurance sector: The EoDB approach – The Times of India – 21st August 2022

The Indian insurance industry has shown promising growth in the past few years. The Insurance Regulatory and Development Authority of India (IRDAI), the main insurance regulator in the country, pegs its growth rate at an impressive 15-20%. In FY2020, the life insurance segment had attracted premiums worth US$90 billion while the non-life insurance segment had written-off premiums amounting to US$27 billion. As per IRDAI, insurance services (together with banking) add about 7% to the country's GDP.

The significance of a robust insurance industry cannot be understated. It not only contributes to the overall economic development of the country but also strengthens the risk-taking appetite and well-being of the populace. However, on the global map, India's performance in terms of insurance density and insurance penetration has not been up to the mark. In FY2020, India ranked 16th in both insurance density (at 4.2%) and insurance penetration (at US$78). There is immense potential to also accelerate trade in insurance services by scaling up its exports and bringing down the imports (US$2.4 billion and US$2.1 billion respectively).

There are several growth drivers endemic to India that can boost its insurance industry. These include a young working demographic, rise in nuclear family structures, sustained increase in formalisation of household savings, awareness about financial products, a growing digital economy and various government schemes to increase mass insurance coverage. In addition, the Covid-19 pandemic has fuelled a demand for life, health and other related insurance products. Despite these favourable demand side factors, systemic changes are needed within the insurance industry to push supply to higher levels. To this end, the ease of doing business (EoDB) in the industry merits a thorough reimagination.

EoDB Reforms by IRDAI
Recently, the IRDAI has introduced two key regulatory reforms in the insurance sector. First, it has extended the 'use and file' procedure for all health products and almost all general insurance products. This will allow insurers to launch a product first and thereafter file the requisite particulars with IRDAI, resulting in a more innovative product in response to faster emerging market needs, as opposed to the earlier system that required prior regulatory approvals leading to delay in product launch. However, insurers that route their launches through the 'use and file' procedure must comply with a host of regulations. These include instituting suitable board-approved product management and pricing policy (BAPMPP), constituting a Product Management Committee (PMC), making regulatory filings within 7 days of product launch, complying with the provisions of the Insurance Act, 1938 and ensuring viability, self-sustainability and affordability for the target market, among others. In case of non-compliance, the insurer may be directed to withdraw the product and/or the 'use and file' facility may be revoked for such insurer for a given period of time.

Second, it has rationalised the compliance requirements for all Foreign Reinsurance Branches (FRBs). FRBs and Lloyd's India are no longer required to publish half-yearly and annual revenue account, profit and loss account, balance sheet, analytical ratios, etc. in newspapers. The entities whose investment policies do not permit equity investment are exempt from the Common Stewardship Code, disclosure requirements and returns. The public disclosure under Form – NL 40 (pertaining to underwriting performance) on the respective websites of the insurers has also been discontinued. This compliance rationalisation was effectuated only after several representations were made by FRBs and non-life insurers.

The Way Forward

The three decades of liberalisation and privatisation reforms have bode well for the sustained growth of the insurance industry. In a similar vein, IRDAI has now embarked on a reforms journey to ensure “insurance for all” by 2047, as a part of the government’s overall vision of India@100. In particular, the two foregoing regulatory reforms will enable the insurance industry in launching suitable, customised and innovative products in a timely manner. It will also expand the choices available to the policyholders, thereby increasing competitiveness in the insurance market. Lastly, it will help address the dynamic needs of the market, which will enhance insurance density and insurance penetration in the country.

Be that as it may, further steps can be taken towards EoDB in the insurance sector. At the outset, the benefits of digitisation should be reaped through better integration with internet ecosystems such as e-commerce, fin-tech and logistics, among others. Currently, India has about 110 InsurTech startups. This number can be amped up significantly through simplification and rationalisation of compliances for setting up and operationalisation of InsurTech companies. Going forward, big data solutions such as cloud computing, artificial intelligence and machine learning should be promoted through appropriate avenues within the insurance sector. This can help improve underwriting, claims management, policy renewals and fraud management. Lastly, regulatory norms must be eased for micro insurance providers in order to enhance insurance coverage among lower-income households in tier II, III and IV cities.

(The writer is Rishi Agarwal.)

TOP

In a digital world, selling insurance needs deeper insights and nuanced product structures – The Economic Times - 21st August 2022

Insurance is a tale as old as time, finding a mention even in early religious texts, with the first insurance products being formalised in India during the British rule. The nature of insurance has always been rooted in the trust and fear continuum – we take out insurance through someone we trust, to help us manage a circumstance that we fear. Earlier this trust was placed with an insurance agent recommended by a family member or friend. Digitalization allowed the trust built up while buying insurance to extend throughout the experience. Customers today can get online help and feel supported throughout the process of claiming insurance. The way that insurance is sold has also undergone a massive perception shift – from the days of the insurance agent having coffee at your house to a few clicks online. Today, it’s no longer about selling insurance. Customers expect a group health insurance provider to be more of a wellness partner, a single point of contact for all health needs. They want to go to a single platform for information to take part in health-related activities, get access to consultations and medical check-ups, etc. They expect a smooth digital experience throughout – right from on boarding to wellness partnerships to personal care during times of illness or hospitalisation when they need to claim insurance. This is due to changing priorities that focus on a holistic sense of health and wellness, not just covering in case of illness and accidents. Older millennials are choosing fewer hours to fulfil caregiving roles, and young professionals entering the workplace want a balanced life.

For companies, with talent becoming a competitive market, employee wellness is fast becoming a major investment. Their needs have gone beyond traditional insurance to include a whole gamut of wellness programs, such as mental health checks, yoga, doctors’ consultations, personal therapy, etc. While individuals taking insurance have the same expectations, many times, they prefer Group Health

Insurance as it extends the banner of trust from their employer, who will go to bat for them in times of need.

Established companies and large corporations have an edge in terms of scale – with a large employee base, it is possible to create customised insurance and wellness programs. However, smaller companies and startups need flexible options that don't rely on employee numbers. Employees are assets for all companies, irrespective of their size. Employers want to take care of their people, whether the workforce is five or five hundred. On the other hand, large insurance providers are yet to understand how to offer sophisticated digital journeys as an empathetic health and wellness partner.

Selling insurance today means drawing from traditional roots but speaking to the new reality Much like Formula One (F1) race tracks, insurtech today sees a high- pitched race but with the same objectives and with every competitor using a different strategy. What does this mean for sales? It's time for a new approach to selling insurance. F1 is essentially about the track, the team, the technology and the driver. Selling insurance today resonates with this analogy:

- The track: At its heart, the insurance track remains the same. The motivations for buying insurance remain the same as they did many years ago – to feel a sense of security that you will be taken care of in times of illness or accidents. Regulation is also slow to change and needs the deep experience of those who have been in the traditional industry. It's the team, the technology and the driver that together are differentiators.
- The technology: We see technology playing a role here in many ways. Each player in the industry is trying to leverage digital experiences for better customer connections, cost savings, enhanced predictions, etc. Digital technologies can create a competitive edge through more efficient operations, using APIs and RPA, or by becoming a digital wellness partner, right on hand through a customer's mobile phone.
- The team: In the digital and dynamic environment today, a world-class sales engine is built with heart, not fear. The ecosystem requires professionals who are digital natives and understand what companies need to offer today, based on the digital experiences their employees expect. At the same time, the team needs experts in the insurance industry itself to ensure they are complying with regulations. So, the culture of the sales team is one of collaboration. They must learn from each other and be empathetic, which is a shift from the incentive-based cut-throat competition that glorifies the salesperson with the highest numbers.
- The driver: The traditional insurance agent is re-invented, empowered with data, and can personalise their offers. A salesperson is no longer tasked to sell insurance. He has become a consultant on the wellness journey that companies want for their employees or that individuals want to take. He is fully armed with a suite of services and equipped with data and information for the customer.

Digital technologies offer insurance an opportunity to reinforce trust every day

Insurtech has created a pivotal shift in the insurance industry - not only through the digitalization of operations, faster onboarding and verifications, and easier claims processing but also in the aspect of trust. The relationship has extended by way of trust, beyond a possible incident in one's life to a reliable expert in health and wellness all through one's life. Insurance has become a single touchpoint for all wellness activities from credible medical information, to wellness activities, online consultations, finding the best medical assistance nearby, to applying for claims.
(The writer is Aditya Bagarka.)

TOP

The roadmap and the push for reforms by IRDAI – The Economic Times – 20th August 2022

The pandemic has increased awareness about Insurance – especially Life and Health. This did provide significant tailwinds to the business growth in these segments. However, the Insurance Penetration at around 4 percent, and the Insurance Density of US$ 78 in India remains low. Worryingly, the Protection Gap stands at 83 percent - with longer life spans, this will be a big challenge in the coming years.

The upside for Insurance growth is thus, significant. Digital transformation fueled by the pandemic has also brought opportunities for Insurers and Consumers to the fore. Meanwhile, the Government and the Insurance Regulator, IRDAI, have taken a series of enabling steps last year to increase Insurance Penetration, ensure policyholder protection, and improve the Ease of Business and Innovation.

In the last Financial Year, the FDI Investment window for Insurers increased to 74 percent to attract foreign capital and expertise. There have been a couple of transactions where foreign shareholders have cemented their commitment to the Indian market by increasing their shareholding while others are evaluating their options. IRDAI has been nudging companies to list on the bourses, improving transparency and governance. While executed in a challenging market environment, the LIC IPO was a step in this direction. With PE investments in Insurance companies, the listing can be a lucrative exit option in supportive market conditions. The General Insurance Business (Nationalization) Amendment Act, 2021, passed by the parliament in August 2021, now allows the central government to dilute its stake in state-owned general insurers below 51 percent. This effectively means that these insurers can be privatized.

Digital has now become an imperative for Insurers to enable seamless customer experience, last mile distribution, product innovation, and claims processes. With Digital being embraced by the consumers, there is a tremendous opportunity for innovative solutions across the customer/ product lifecycle. Furthering the FinTech penetration in the insurance sector, the IRDAI had created a 'Regulatory Sandbox' to use creative ideas to increase the pace of innovation. Insurers are experimenting with innovative solutions in the Sandbox across various functions. Seeing the traction, IRDAI has extended the validity of 'Regulatory Sandbox' regulations for two years.

In the past few weeks, we have seen more enabling regulations to increase 'Ease of Doing Business' and spurring faster innovation, ultimately seeking to increase Insurance protection and benefitting policyholders.

IRDAI first allowed Insurers to offer Health and most General Insurance products to customers without the regulator's approval, thus radically moving from a "File and Use" approach to "Use and File." This was extended to Life Insurance products (except individual savings, pensions, and annuity). While this intervention enables Insurers to be more responsive, flexible, and agile, it also places great responsibility on responsible product design and transparency. The time for taking a new product earlier was a couple of months. Insurers are expected to take advantage of the new provisions to respond faster to customer requirements and aim for drastically reduced timelines for 'Go To Market.' The solvency margin requirement for Insurers doing crop business has also been relaxed, potentially freeing up capital to underwrite more business.

A stated approach of IRDAI is to have principle-based regulations instead of a rules-based regime. It has formed Working Groups from the industry to advise on further reforms in law, products, distribution, finance, health, finance, taxation, ease of doing business, etc. Among the proposed reforms in life insurance are the standardization of products and simplifying regulations, specifically on calculations of management expenses for these companies.

An interesting proposal is whether to allow Life Insurance companies to sell Health Insurance. Six years ago, the regulator had disallowed this, but now again, the same has come up for consideration. The driving force is the need for faster and enhanced Health Insurance coverage - with an apparent Affinity between Life and Health products and the wider distribution reach of Life Insurers, they may be able to ensure far higher coverage. However, this has potential ramifications on the General Insurance and Standalone Health Insurance companies. They have introduced innovation and focused on Health Insurance in the past few years. Also, it would mean that the Life Insurers would have to create structures and Claims/ Service processes for Health, especially Indemnity products.

Going ahead, change will be faster than ever before. Business transformation will be driven by digital transformation across the entire value chain – distribution, sales, claims, operations, service, etc. Integration of InsurTechs in each of these domains will accelerate. While the methods and speed adopted by Insurers will vary, it is undisputed that the approach will have customer-centricity at its core. Thus, the enabling approach of IRDAI assumes great importance in shaping the change. With the distinct reforms-oriented approach and maturing of the industry, it seems that IRDAI is now moving from "R" to "D" - emphasizing more on the 'Development' part of its role. It is now up to the industry to seize the opportunity while at the same time living up to the faith reposed in it by institutionalizing a more mature and responsible approach.

(The writer is Vishal Bhave.)

TOP

INSURANCE REGULATION

Irdai's commission cap move: General insurers get operational flexibility - Business Standard – 26th August 2022

The regulator's move to cap commissions in the insurance sector is expected to provide operational flexibility to companies, especially general insurers, and promote greater discipline in the life insurance sector as the aim is to link commissions rate of intermediaries to the persistency status of the policies sold.

However, if they come into effect, the proposed regulations might impact standalone health insurers and mid-to-small life companies in the near term, but the large companies are unlikely to see any negative impact, analysts said.

The insurance regulator came out with an exposure draft this week, where it proposed to cap commissions paid by the health and general insurers at 20 per cent of gross written premium (GWP). For life companies, they have proposed to link commissions with expenses of management (EoM), wherein if the actual EoM in the previous financial year is not over 70 per cent of the allowable EoM limits, the life insurer can adopt commission limits as approved by its board. But if EoM exceeds 70 per cent of the allowable limits, the insurer must adhere to caps on commission proposed by the regulator.

The regulator has proposed a 20 per cent commission cap on first-year premium (FYP) and 10 per cent renewal premium (RP) compared to 35-40 per cent and 5-7.5 per cent, respectively.

However, some additional rewards can be paid, depending on the premium paying term. "Irdai wants to encourage greater persistency and longer tenure products and ensure that commissions are spread out instead of being paid upfront," said Suresh Ganapathy and Param Subramanian in a report by Macquarie Research.

Industry sources said the EoM criteria put forth by the regulator will mean a handful of large companies who have greater control over their EoM will be allowed to pay commissions according to their board approved policy. The rest will be subject to the caps prescribed by the regulator. "The draft benefits players operating with a lean cost structure as it allows companies with EoM at sub-70 per cent of allowable limits to design a customised commission structure according to the board-approved policy. This can drive a product mix of choice and boost margin and value of new business," said Motilal Oswal in a report on Thursday.

Rushabh Gandhi, Deputy CEO, IndiaFirst Life Insurance, said, “Linking commissions to EoM will drive insurers to further improve efficiencies. Back-ending of commissions will encourage distributors (agents and intermediaries) to ensure policies remain in force for a longer period resulting in a win-win for all stakeholders, including policyholders.”

According to Emkay Research, the EoM and commission payment changes… are far from being a negative surprise for existing listed private players, but the FYP commission cap could compel Life Insurance Corporation to make some adjustments.

The regulator has invited suggestions from stakeholders by September 14. If these come into effect, insurance companies would need to have a board-approved policy on commissions, rem-uneration, or reward paid to agents and intermediaries, which will be reviewed annually based on the experience.

The objective is to enhance responsiveness of regulations to market innovation and provide insurers the flexibility to manage expenses based on their growth aspirations to improve market penetration, the regulator has said.
(The writer is Subrata Panda.)

TOP

IRDAI's new rules on commissions give cos flexibility - The Economic Times – 26th August 2022

The insurance regulator's new norms on commissions give insurance companies more flexibility while streamlining payments to agents and incentivising higher 'persistency ratios'. However, the focus on maintaining a certain threshold of expenses could benefit larger players who have a wider business with deeper banking relationships and could also disincentivise small agents from selling policies, industry executives and analysts said.

Persistency ratio shows how many policyholders paid their renewal premium.

In a draft notification earlier this week, the Insurance Regulatory and Development Authority of India (IRDAI) set a 20% commission cap for general insurance companies, down from the 30% to 35% they could charge earlier. The regulator also allowed life insurers whose expenses were under 70% of the allowable limit to set their own commission rates across product segments.

For companies that are above the expenses threshold, the maximum commission allowed as a percentage of premium is between 2% and 20%, down from a peak of 40% earlier. More importantly, there is a built-in commission for premium payments in the 5th, 10th, and 15th years, which encourages higher levels of persistency from agents. Stakeholders have time till September 14 to give feedback.

CLSA analysts said insurance companies with a higher operating expenses (opex) may see a cut in commission cap in guaranteed products. "Large private sector life insurance companies like SBI Life and ICICI Pru Life have opex that is less than 70% of allowable expenses. They will have full flexibility on commission structuring. Insurers with expenses that exceed 70% of allowable expenses may face some constraints on the payouts they make for long-duration products like non-PAR savings," CLSA said.

However, lower commissions do not mean benefits to consumers. "From consumers' perspective, this draft guideline may not change anything. Unless consumers see the commissions being paid and switch to direct purchase, they won't benefit from reduced policy premium pricing," said Srinath Sridharan, co-founder of 4P Consulting.

Some industry executives said such stringent focus on expenses will only help the big companies and could also disincentivise agents from selling policies. "Large companies with banking relationships will improve their profitability. The big will get bigger. Though efficiencies will improve, some small agents may decide against selling life insurance," said a senior private sector executive.

The sharp cut in the first year premiums in life and health insurance will drive small agents away, said an executive from an insurance broker. "Agents spend significant time in understanding consumer needs in life and health insurance, which are advisory in nature. Rebating issues will crop up leading to malpractices if there are different prices for the same product."
(The writer is Joel Rebello.)

TOP

Proposed 20% cap on agent commission could boost insurance industry – Financial Express – 25th August 2022

The Insurance Regulatory and Development Authority of India's (Irdai) proposal to put a lower cap of 20% on commissions and remunerations paid to agents and intermediaries under both life and non-life products could lead to faster growth of the insurance market, analysts said.

If implemented, the move would reduce costs for insurers and allow them to make products more affordable.

"Every insurer shall have an explicitly written policy for payment of commission or remuneration or reward to insurance agents and insurance intermediary which shall be approved by the board of the company," the regulator said in a draft notification issued on Tuesday. The board approval policy shall be reviewed annually, it added.

Terming the move as "major development" for all life insurance companies, industry insiders said the regulations will help life insurers with large bancassurance channels, while smaller firms size may lose market share. The proposed lowering of commissions could be a disincentive part-time and non-serious participants.

Industry observers also said since the payouts to insurance agents and insurance intermediaries should be made known to the customers under the proposed regulations, customers are going to get the benefit in terms of better service and greater transparency in product understanding.
Irdai said 20% will be the maximum commission or remuneration, as a percentage of premium that is allowed for life insurance products offered by life insurance companies, for first year premium for regular premium or limited premium payment including deferred annuity/pension. For these types of products, maximum commission for renewal premium should be 10%. For single premium policies, maximum commission for single/first year premium should be 2%, while for group fund based policies it will be only 0.5%.

As per the current regulations (amended in June 2020), 40% is the maximum commission or remuneration for first year individual pure risk products. For single premium products, the maximum commissions vary between 2% and 7.5% for different categories.

According to the draft notification, the maximum commission or remuneration or reward or otherwise payable under general insurance products including health insurance products offered by general insurers shall not exceed 20% of the gross premium written in India in that financial year. And, the maximum commission payable under health insurance products offered by standalone health insurers shall also not exceed 20% of the gross premium written.

As per the extant regulations, the maximum commissions as a percentage of premium that is allowed for health insurance products offered by general insurers or stand-alone health insurers are 15% and 7.5% for health-individual and health-group (Employer-Employee). For Fire-retail currently the maximum commissions are 15% and 16.5% for insurance agents and insurance intermediary, respectively. For motor, these are 15% and 2.5% for comprehensive and stand-alone TP, respectively.
(The writer is Mithun Dasgupta.)

TOP

Tremendous potential for US insurance companies to invest in India: Irdai – Zee Business – 25th August 2022

Insurance regulator Irdai on Wednesday invited US-based insurance companies to invest in the domestic market as the industry offers tremendous growth opportunities alongside liberalised policy regime.

Indian insurance companies now have greater control over their finances and profitability and it is up to them how and where they want to invest their money, Insurance Regulatory and Development Authority of India (Irdai) Chairman Debashish Panda said in a virtual session to enhance India-US economic partnership in the insurance sector.

"We have rationalised the management of expenses and left it to companies to decide how and where they want to spend. We don't want to put a cap on everything, such as commission, reward payment, salaries and so on. These have been left to the boards of the companies.

"If you look at the private Indian insurers, we see that there is a higher return on equity (ROE) on average compared to the American insurers. So again, there is tremendous potential for the American companies to come and invest in India," Panda said.

Drawing a comparison, he said the Indian private sector insurance companies have ROE averaging around 23 per cent as against 13 per cent for the American companies.

"If we factor the risks, even then the number will be higher by about 500-600 bps than the US insurers," he added.

Talking about the number of US-based insurance companies who are present in India out of the 50 major insurers, he said there are only 4 such companies against 10-14 in other Asian countries.

China has 14 out of 50 American insurance companies, Singapore has 14 out of 50, Hong Kong 13 out of 50, Indonesia has 10 out of 50, while Malaysia and Thailand have 9 out of 50 each.

Whereas India has only 4 out of 50 companies -- AIG, Liberty Mutual Insurance, MetLife and Cigna.

"So, my appeal to the American friends is (that) now is the time to come and invest here in India. The FDI regime has been liberalised, the regulatory regime has been looking forward to shake hands and taking you through this journey, this is the time India is poised to grow....Tremendous opportunity and potential for the insurance sector to grow," Panda said.

He said India's vision is to have Insurance for All by 2047.

The gross written premium (GWP) has grown from USD 69 billion in 2017 to USD 115 billion in 2022 and the vision is to take it to USD 500 billion by 2047, he said.

Also, in terms of premium to GDP ratio, India wants to grow to 8-10 per cent by 2027.The premium to GDP ratio stood at 3.7 per cent in 2017 and reached 4.2 per cent in 2022.

Irdai eases firm registration process from 8 to 2 months: Chairman – Business Standard – 24th August 2022

The registration process of new companies has been eased by substantially reducing the time taken to process new applications from 6-8 months to two, Debasish Panda, chairman, Insurance Regulatory and Development Authority of India (Irdai) said on Wednesday.

The regulator has created a facilitation cell consisting of two officers for handholding the applicants so that the entity gets its approval to start its operations. "We have put up a guidance document to make it easier for new applicant so that there is room for an additional query," Panda said speaking at a CII event.

This is one among the many steps taken by the regulator to promote ease of doing business in the insurance sector. Panda is of the opinion that the insurance is no longer at a nascent stage and therefore it was time to give the player more flexibility and freedom to operate.

"Thereby, we are moving from a rule-based regulatory regime to a principle-based one," Panda said.

The insurance industry is poised to grow at an accelerated pace. Insurance premiums as a percentage of gross domestic product (GDP) have doubled in the past 10 years. According to Irdai data, insurance penetration in the country is at 4.2 per cent as of 2021, which is higher than China, but lower than developed countries.

"We are not satisfied with where we are and want to catch up not only with the world average but also with the developed countries," Irdai chairman said.

The regulator has given steep aspirational growth targets to life and non-life companies to increase the insurance penetration in the country. As of 2022, India's insurance industry has a gross written premium (GWP) of $115 billion. The regulator intends to grow India's GWP to $500 billion by 2027, a growth of 34 per cent over the next five years.

"We have kept an aspirational growth target of 34 per cent. And I am glad to inform that many CEOs are quite ecstatic about these targets, and they are all raring to go," Panda said.

Among initiatives that the regulator intends to take to further propel growth in the sector is to encourage insurers to get themselves onboarded on "Bima Sugam" a digital platform for selling, servicing, and settling claims. It is a plug-and-play solution with an API interface.

"I presume this (platform) would be a game changer as far as insurance is concerned," Panda said.
(The writer is Subrata Panda.)

TOP

LIFE INSURANCE

From investment to protection: How Life Insurance trends are changing in India - Financial Express – 25th August 2022

There has been a remarkable shift in customers' perception of Life Insurance (LI) since the Covid-19 pandemic. The change in perception has also led to an increase in demand for Life Insurance products. In a snap poll by Benori Knowledge, 91% of the respondents said they feel it is essential to buy life insurance policies after Covid-19. Earlier, LI was mostly seen as a way of investment but now it is being increasingly considered as protection.

"Customer perception towards life insurance has changed tremendously. People have become more aware after the pandemic. Life insurance coverage has become much more important. Our survey showed that after the pandemic, 91% of the respondents feel that life insurance is extremely important," said Ashish Gupta, Co-Founder and CEO of Benori Knowledge, a custom research and analytics solutions provider.

"Awareness in tier 2 and below cities have also increased where penetration is very low as they have also faced the brunt of loss of protection with many families losing their main breadwinners. So the pandemic basically acted as an eye-opener for the people to re-think and re-assess their financial planning. The overall perception of life insurance products is seeing a shift to a nudge product rather than a push product," he added.

Benori Knowledge released a report on 'Changing Face of Life Insurance Industry' on Thursday (25th August 2022). It says the Life insurance sector has grown at a CAGR of 11% from 2017-2022 and is estimated to grow at a CAGR of 9% in the next 5 years. The private sector market share has increased significantly from 28% in 2017 to 38% in 2022. At the same time, Life Insurance penetration in India climbed to 3.2% in December 2021, making India the 10th largest life insurance market globally.

In demand Life Insurance Products

Talking about the Life Insurance products that are likely to be in demand in India in the next five years, Gupta told FE PF Desk, "Non-Par Protection products like Term Insurance are fast becoming popular products and are expected to continue to be for the next few years. This trend is the result of the shock delivered by COVID-19 pandemic. Life Insurers, who are trying to expand into the hinterland, are most likely to find a bigger market for non-par products."

"The most popular channel in life insurance bancassurance is also invested in Non-par products. Products which offer flexibility to consumers according to their needs, like a combination of two or more products, or products that cater to a particular life event, are going to drive the market in the next 5 years," he added.

What LI providers should do?

In view of the rising demand for LI products, Gupta said that insurers should provide faster onboarding with fast-tracked underwriting. This can be achieved by digitizing underwriting and integrating platforms with systems like Aadhar, IIB etc. for assessing customer profiles to fast-track the onboarding process.

He also said that there is a need for quick claim settlement processes. "Life insurance policy information and paperwork should be made easier to understand; especially if the insurer wants to expand to rural areas where the knowledge base is not so strong."

(The writer is Rajeev Kumar.)

TOP

Covid distress? Sharp surge in surrender of insurance policies – The Indian Express – 25th August 2022

OVER 2.30 crore life insurance policies were surrendered by policyholders in 2021-22, much ahead of their maturity. This is more than three times the number of policies (69.78 lakh) surrendered prematurely in 2020-21.

A national lockdown announced by the government on March 24, 2020, following the Covid-19 outbreak, had forced many people out of jobs across the country, resulting in loss of livelihood and salary cuts. The pandemic also led to increased expenses due to medical emergencies. To mitigate the distress, the government announced several measures including moratorium on loans and partial withdrawal from EPF balances. But with the pandemic persisting even in 2021-22, many took to selling prematurely their life insurance policies to realise some funds.

As many as 16 of the 24 insurers witnessed an increase in premature selling of policies by policyholders compared with the previous year, an analysis of the quarterly disclosure made by the insurance companies reveals.

State-owned behemoth Life Insurance Corporation Companies noticed a sharp jump in the number of surrendered policies in 2021-22 when compared with the previous year. LIC has a market share of almost 64 per cent in the life insurance business.

Max Life Insurance, ICICI Prudential, HDFC Life, Bajaj Allianz, Aditya Birla Sunlife, Kotak Mahindra, TATA AIA, Exide Life Insurance, Canara-HSBC, Shriram Life Insurance, Future Generali India, Ageas Federal Life Insurance, EdelWeiss Tokio Life Insurance, Aviva Life Insurance and Bharti AXA, are the other 15 insurers, which saw an increase in the number of premature sale of policies during the year.

The surrender value of the policy of the policyholders gives an indication of the distress. The average surrender value paid to policyholders was Rs 62,552, less than half the average surrender value of Rs 1,67,427 paid to subscribers in 2020-21. For the LIC policyholder, the average surrender-value of over 2.12 crore policies surrendered during 2021-22 was just Rs 43,306 whereas. In the previous year, LIC policyholders surrendered 53.35 lakh policies and the average surrender value paid to them was Rs 1,49,997.

Only eight companies have witnessed a decrease in the number of surrendered policies in 2021-22 when compared with the previous year. These are: SBI Life, Reliance Nippon, IndiaFirst Life Insurance, PNB MetLife, Pramerica, Star Union Dai-Ichi, Aegon Life Insurance and Sahara India. Policy holders of these companies have surrendered 4.93 lakh policies in 2021-22, 21.7 percent less than in 2020-21.

Among the companies which have witnessed a sharp increase in the number of surrendered policies in comparison to the previous year are: LIC (298.3 per cent); HDFC Life (149 per cent); EdelWeiss Tokio (117.4 per cent); Canara HSBC (66.4 per cent); Future Generali (49.4 per cent); TATA AIA (43.45 per cent); and Shriram (27.4 per cent), Maxlife (16.2 per cent) among others.

When a policyholder surrenders her policy ahead of maturity, she receives only a small percentage of the premium deposited. But different companies have different rules for this. According to LIC policy, the surrender value is payable only after premium for three full years are. LIC did not wish to comment on the issue.

Insurers normally advise policyholders not to surrender policies prematurely since their value is diluted. The guaranteed surrender value amount is usually mentioned in policy documents. If premiums are paid for three consecutive years, then a policyholder is eligible to receive the surrender value as per the policy specifications.
(The writer is Shyamlal Yadav.)

TOP

Married women's property act: Gift your wife an exclusive term insurance policy – Financial Express – 22nd August 2022

If you are planning to buy a term insurance policy for the financial protection of your wife and children in your absence, ensure that you buy the policy under the Married Women's Property Act (MWPA), 1874. In this, the claim amount will go to them only and no creditor of any outstanding loan of yours can stake claim to the proceeds after your demise.

In a normal term insurance cover, the sum assured can be claimed by your creditors or attached by the court for repayment of your outstanding loans. If an individual has an outstanding of any type, the creditors will have the first claim on the insurance policy proceeds in the event of the insured's death. An insurance policy under MWPA will insulate the insured's wife and children from any loans or liabilities that he owes and their financial future will be protected. Only beneficiaries mentioned by the insured will get the insurance proceeds after his death and neither the creditors or any government agencies will have a claim or control over the policy proceeds.

How does it work

A married man who is a resident of India (except Jammu and Kashmir) can buy the term insurance policy under the MWPA. Even a divorcee or a widower can buy the policy and name his children as beneficiaries. The insured will have to assign specific percentages of the sum assured to each beneficiary. However, a wife cannot make her husband the beneficiary and take the benefit of this Act. She can buy a policy under the MWP Act in her name and make her children the beneficiaries. The policy is beneficial for both salaried and self-employed individuals.

At the time of purchasing the cover, one has to fill in a MWP addendum. However, after taking the policy under the MWP Act, he cannot make any additional changes in the endorsement of the policy and an existing term insurance policy modified under MWP Act. As the beneficiary opted at the time of taking the policy cannot be changed, in case of divorce, the insured's beneficiary, which is his wife, will remain the same. In this policy, the husband's parents cannot be added as beneficiaries and they will not have any right to the insurance proceeds.

Points to note

The insurance policy covered under MWP Act cannot be assigned to another person and the policyholder will not be able to take any loan against this policy. If the insured wife passes away before him, the legal heir of the policyholder will receive the claim amount. Experts suggest it is always advisable to mention more than one beneficiary at the time of buying the policy.

Experts say there is not much awareness about life insurance under the MWP Act. So, as life insurance is an ideal instrument to protect the financial future of one's family members, a married man must opt for this cover.

(The writer is Saikat Neogi.)

TOP

Term Insurance: The critical missing piece in your financial planning – Financial Express – 21st August 2022

When it comes to financial planning, we usually think of investing in various instruments to get maximum returns. However, we miss out on the financial protection of life, i.e. insurance. While growth of wealth is essential to meet life goals, financial protection from unexpected shocks is equally important.

If you are the sole earner of the family, you should definitely consider buying a term insurance plan. Term insurance is a contract between the policyholder and the insurance company wherein the company pays a specific sum to the policyholder's family at the time of death of the policyholder. This sum is paid in exchange of a premium paid by the insured for a specific duration.

Term insurance is the simplest form of life insurance. It provides a financial shield to your family against unfortunate circumstances. Without a term plan, it would be difficult for your dependents to manage household expenses, pay off loans, children education fee etc. Moreover, nowadays term plans are available with extensive features to give your family lifelong protection such as:

- **Higher coverage at low premium:** There are a plethora of options wherein term plans with as high as Rs 1 crore cover are available at an affordable cost. Moreover, the premium can be paid in monthly installments for your comfort.
- **Home Loan Balance Transfer:** When should you opt for it?
- **Buy early and save incredibly:** If you buy a term insurance policy early in your life, the premiums are much lower. Also, you will pay this fixed amount throughout the policy term.
- **Coverage upto 99 years:** Coverage period for term plans is lifelong i.e. upto 99 years.
- **Protection against death, disease and disability:** These plans provide all round protection against death, critical illness and permanent disability.
- **Financial protection against loans:** In case of sudden demise of the insured, a term plan helps to pay off any debts and liabilities of the family.

Adding riders for comprehensive coverage
Policyholders have the option to tailor their term plan according to their needs. These are known as riders which are add ons that can be added to the policy to increase benefits. They usually come into effect when the particular event for which the rider has been purchased happens. For instance, if you add an income benefit rider, your family will receive monthly income for a certain period of time in your absence. This rider is suitable for a policyholder who is the sole earner of the family.

Banking Charges – What are the charges banks can levy on you?
You can also add critical illness rider to your policy. It provides a lumpsum payment to the insured if he/she is diagnosed with a critical illness during the policy period.

Waiver of premium rider ensures payment of future premiums due to a loss of income or disability of the policyholder. Through this rider, the policy won't expire in case you are not able to pay premiums because of a disability or physical impairment.

Deciding term cover
When purchasing a term plan, it is suggested that the sum assured/coverage amount should be 10 times your yearly salary. You should also take other factors such as child's education, loans, home, car, retirement of spouse, household expenses, inflation into account. It is important to consider your liabilities when deciding the coverage of a term plan.

Summing up
With nuclear family system becoming the usual order in India, it is paramount to protect your family from risks and perils. When we are young, we usually believe that we are there to run the household, however with the increase in sedentary lifestyles, even younger people are falling prey to critical illnesses and fatalities. Along with going through the emotional loss of a breadwinner, the family has to bear financial consequences too. A term plan guarantees that the family members are given much needed financial support and continue to maintain the same lifestyle in the absence of the breadwinner. Hence, it should be your first step towards financial planning.
(The writer is Sanjiv Bajaj.)

TOP

General Insurance Council mediates between insurers, Irdai over 'aggressive' growth figures – Financial Express – 22nd August 2022

The General Insurance Council is mediating between non-life insurers and Irdai over the regulator's suggested growth figures, which some companies feel are "hugely stretched targets".

The Insurance Regulatory and Development Authority of India (Irdai) has circulated "tentative targets" for growth to all insurers to increase insurance penetration. This is the first time Irdai has prescribed premium growth guidelines for individual companies, a move that surprised the industry.

The regulator has suggested increasing the collective premium for non-life insurance companies to Rs 11.73 trillion by FY27 from Rs 2.20 trillion as of FY22. For state-run general insurers, the target is raising it from Rs 75,000 crore to Rs 2.29 trillion during the period, while for standalone health insurers, the suggested increase in premium is to Rs 1.51 trillion from around Rs 20,000 crore.

"The General Insurance Council is continuing its mediation works between the Irdai and general insurance companies on suggestive growth figures," V Jagannathan, chairman, Star Health and Allied Insurance, said.

After the discussions there could be some "revised figures". "Or if the regulator tells us we have to follow whatever figures it has given, we will follow. Ultimately, whatever decision Irdai takes, we are okay with it," he said. Jagannathan said it is possible for Star Health and Allied Insurance to achieve the suggested growth figures.

A top executive at a major general insurance company, however, said on condition of anonymity, that the growth figures are "hugely stretched targets".

"We will have to see how to keep other quality parameters in mind while pursuing such aggressive growth targets. Of course, as an insurer we will always want to balance the two. It cannot be one at the cost of the other. And I am sure the regulator will understand that," the executive said.

General insurers said it is an exciting time for the industry as the regulator has initiated many simplification and consolidation activities. However, some subjects need discussion.

Accoding to industry insiders, higher business growth for every company will ensure higher penetration, but future growth will depend on several factors. Whether the insurance companies can achieve Irdai's suggested growth figures would depend on factors such as underlying demand for insurance cover, macroeconomic growth and inflation going ahead, they said.

In a recent report, CareEdge said after over 20% growth in the first three months of the current financial year, the non-life insurance industry has moderated, reporting 16% growth in July to reach Rs 23,392.4 crore compared to Rs 20,157.3 crore in July 2021. In the year-to-date period, the industry reported a growth rate of 20.8%, compared to 15.2% for the same period last year. This growth has continued to be driven by health (especially the group segment), motor, and crop insurance (which reversed the drop witnessed last year for the same period).

"Health insurance premium has been the primary lever of the non-life insurance industry since the commencement of the Covid-19 pandemic. This has resulted in the segment increasing its market share from 32.8% for YTD FY21 to 38.3% for YTDFY23. The health segment has grown by 21.9% for year-to-date FY23, which is lower than the growth of 33.4% witnessed for the same period in FY22," CareEdge said in its report dated August 19.

The motor insurance segment has grown faster than health for the first four months of FY23, clocking a growth rate of 22.9% and reaching Rs 21,884.5 crore. "This growth rate is significantly better than last year's 4.8%. In year-to-date FY23, Motor OD grew by 23% (vs. 8.6% for the same period last year) and Motor TP rose by 22.8% (vs. 2.8% for the same period last year). For July 2022, Motor OD and Motor TP premiums grew by 7.8% and 15.4%, respectively. The growth can be attributed to a low base of last year and an increase in Motor TP tariffs," the report said.

According to Fada, the automobile industry's domestic sales dropped by 7.8% y-o-y this July. If two-wheelers sales are excluded, vehicle sales would have eked out a marginal 0.4% increase in July. Generally, July is considered a lean month prior to the beginning of the festival season in August. However, concerns regarding inflation and supply chain constraints due to the ongoing geopolitical tensions continue to persist.

Crop insurance premiums increased by Rs 635.8 crore for the first four months of FY23, rising 14.8% against a 12.4% decline for the same period last year. The increase could be attributed to the fact that the deadline for insuring kharif crops was till July-end. Private insurers have increased their participation, while Agriculture Insurance Company of India reported a drop for the period under review.
(The writer is Mithun Dasgupta)

TOP

Buying health cover for their pets on the rise – Telangana Today – 21st August 2022

Pet parents go the extra mile to keep their pets healthy. In this direction, many are now opting to buy insurance cover for their pets. The cover starts around Rs 300 per year for a small pet for a single type of cover such as terminal diseases.

Players like Bajaj Allianz General Insurance, The New India Assurance and Oriental Insurance are offering pet insurance. Varying with the plan choices, the cover offers mortality benefit, surgery expenses, third party liability, transit expenses, theft/loss/straying cover and others. The entry age ranges from three months to ten years.

The policies also have some exclusions. Surgeries that are not necessitated because of illness or accident are excluded. Also, surgeries to cure deformities or congenital defects, those done due to pregnancy or whelping, those related to grooming, cosmetic and elective and dental surgery not caused by the accident or injury are excluded. Canine insurance can be bought for indigenous, cross-bred as well as exotic dogs.

"Usually, pet parents go for a long-term cover with a lump sum coverage of Rs 25,000 which comes at an annual premium of Rs 1,284 for a large category dog aged not more than seven years," said Tarun Mathur, CBO- General Insurance and Co-Founder, PolicyBazaar.com, an insurance aggregator.

According to Mathur, the plan includes cover for Epilepsy, Pancreatitis, Cushing's Syndrome, Diabetes, Thyroid Dysfunction, Ascites, Glaucoma and Inflammatory Bowel Disease. While applying for pet insurance, pet owners need to share pictures or nose print or photo of microchip or RFID tag to identify the pet.

Policybazaar recently conducted an online survey among 4,500 consumers to analyse awareness levels and uptake of cyber, mental health, home and pet insurances. It observed that as many as 70% of the pet owners considered buying a policy.

However, only 10% of them actually bought one. While the pet insurance penetration overall was low, among the buyers, Tier-2 respondents ranked the highest with 10%. The number stood at just 3% for both Tier-1 and 3 locations. Potential hazards and cover for surgery costs were seen as the key factors followed by OPD cost and death of the pet.

Insurtech startup InsuranceDekho too has recently introduced dog health cover in partnership with Future Generali India Insurance Company.

“India has an estimated pet population of 32 million pets growing at 12% yearly, with dogs making up almost 85% of the total population. We can infer that the number of dogs insured in India is also on the rise,” said Ankit Agrawal, Co-Founder and CEO of InsuranceDekho.

InsuranceDekho offers comprehensive coverage for over 25 breeds of dogs, aged 6 months to 10 years. The pet insurance policy as of now has a starting premium of about Rs 324 annually.
(The writer is B Krishna Mohan.)

TOP

HEALTH INSURANCE

Health Claims Exchange to be operational by October - Financial Express – 26th August 2022

Health Claims Exchange (HCX), which is expected to be operational by October-end, will transform the way health insurance claims are processed as the digital platform will reduce cost and waiting time for processing a claim, RS Sharma, CEO, National Health Authority, said on Thursday.

“Health Claims Exchange has been constructed and that has been under the sandbox (mechanism) of the National Health Authority. It will be operational from October-end.

It will basically transform the way health insurance claims are processed. It will reduce the cost and also the time,” Sharma told FE on the sidelines of 32th edition of “Technology Sabha”, an Express Group Initiative.

Sharma, who gave a keynote address during the first day of the three-day-long event, said currently insurance companies and software vendors are in the process of making products related to the Health Claims Exchange.

National Health Authority has been collaborating with insurance regulator Insurance Regulatory and Development Authority of India (Irdai) for developing the Health Claims Exchange. “We have a joint working group with them. We are working on to basically figuring it out how to expand the platform…It will expand the health insurance market of the country,” Sharma said.

National Health Authority will start using the exchange for processing claims under Pradhan Mantri Jan Arogya Yojana, and thereafter the exchange will be open for insurance players, hospitals and software vendors, among others.

“There are two sides to Health Claims Exchange. One is the provider side, which are basically hospitals who provide services. Another is the payer side, which are insurance companies and state government, who do the payments,” Sharma explained.

On the first day of the “Technology Sabha”, Babul Supriyo, minister of information technology, electronics & tourism, goverment of West Bengal, BP Gopalika, additional chief secretary, government of West

Bengal, Debpriya Nandan, senior director & head, public sector business development, Oracle India and Srikant RP, editor, Express Computer, were speakers, among others.
(The writer is Mithun Dasgupta.)

TOP

With 88% cover, Rajasthan tops in health insurance – The Times of India – 25th August 2022

In the state, 88% of its households with at least one member is covered by a health scheme or health insurance. Andhra Pradesh is second with 80%, Goa (73%), Chhattisgarh (71%) and Telangana (69%). The survey pointed out that health insurance coverage in the country is far from satisfactory. Over two-fifths (41%) of the households have at least one usual member covered under health insurance or financing scheme.

When household members get sick, they are slightly more likely to seek care in the public sector (50%) than the private sector (48%). However, in the state, percentage of households using government health facility is quite high. Only 26.4% of households in the state generally do not use a government health facility. Health department officials said they are providing free medicines and free diagnostic tests free to the people in government hospitals, which has also attracted patients to government hospitals. Among those who are not using government healthcare facilities, some of the reasons are no facility nearby, facility timing not convenient and absentee health personnel.

The percentage of households that do not use government health facilities is highest in Bihar (80%) and UP (75%), and lowest (less than 5%) in Ladakh, Lakshadweep, and Andaman and Nicobar Islands.

TOP

Unified identity cards for Ayushman Bharat PM-JAY – The Hindu – 24th August 2022

In an effort to eliminate wide variance in the design and nomenclature of beneficiary cards across States and Union Territories, the Central Government is planning a unified identity card for the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana.

The National Health Authority (NHA), which is responsible for implementing the flagship public health insurance/assurance scheme, is working on this step. “This will clear any confusion among beneficiaries and stakeholders like empanelled hospitals, implementation support agencies, insurance companies and third-party administrators,’’ said a senior Health Ministry official.

The NHA has decided to bring greater integrity and uniformity into the beneficiary cards issued under the scheme by keeping them under a common name “Ayushman cards”, the official said.

Co-branded cards would allot equal space to both PM-JAY and State-specific logos. The name of the scheme would include the State scheme name along with AB PM-JAY. The card would bear information in English and the local language.

Additionally, the NHA has decided to provide full financial support for issuance of co-branded cards to beneficiaries identified by the Socio Economic and Caste Census (SECC) as well as State-specific non-SECC beneficiaries. The Ministry said that 31 out of 33 states have adopted the scheme.

TOP

Transgenders to be covered under Ayushman Bharat PM-JAY – Live Mint – 24th August 2022

In a landmark move, transgenders will be brought under the ambit of Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PM-JAY), the government said in an official release on Wednesday. The National Health Authority (NHA) under Ministry of Health and Family Welfare and Department of Social Justice and Empowerment today signed a Memorandum of Understanding (MoU) to provide inclusive and composite health package for transgenders under Ayushman Bharat-PMJAY.

Union health minister Mansukh Mandaviya said the move will ensure rightful access to healthcare services under AB PM-JAY.

“This MoU between National Health Authority (NHA) and the Ministry of Social Justice & Employment (MoSJE) will extend all healthcare benefits to transgender persons (holding a transgender certificate issued by the National Portal for transgender persons) across the country. MoSJE will fund Rs.5 lakh insurance cover per transgender beneficiary per annum," Mandaviya said.

As part of the move, a comprehensive master package is being prepared for transgenders, including existing AB PM-JAY packages and specific packages (Sex Reassignment Surgery (SRS) and treatment), the ministry said.

As a result, transgenders will be eligible to seek treatment in any AB PM-JAY empanelled hospitals across the country, where specific packages will be made available. The scheme would cover all transgenders not receiving such benefits from other centre/state sponsored schemes, as per the government release.

Noting that the transgender community suffers stigma and exclusion, the health minister said that the provision of healthcare services under AB- PMJAY is a significant towards an inclusive society. “It is only apt that the MOU is being signed at Dr. Ambedkar International Centre today, as he championed for an inclusive society with equality across all population groups in the country."

Mandaviya emphasised that the government is working in a decisive way to not only recognize rights of the transgender community but has taken various systematic steps for their welfare.

The ministry of social justice & empowerment has taken several initiatives for the transgender community, be it “The Transgender Persons (Protection of Rights) Act, 2019", Garima Greh, PM Daksh, among others.

(The writer is Priyanka Sharma.)

TOP

Five thumb rules to select the right health insurance policy – Financial Express – 22nd August 2022

The healthcare industry has witnessed a rapid rise in demand across the country, especially since the Covid outbreak. New and complicated ailments, lifestyle diseases and better health awareness are some of the reasons for medical inflation. Going by our lifestyle patterns, there’s no way these figures are coming down in the near future. So, how do we protect ourselves and our savings? Having a good healthcare plan in place can save you from going bankrupt. It will also help you access the best facilities.
When it comes to choosing the right health insurance plan, confusion and questions are normal. There are so many healthcare providers to choose from. To add fuel to the chaos, each provider has a plethora of products (same game, different name). This is why it is impossible to cherry-pick the most appropriate health plan for yourself or your family. In case you’re stuck with the same delirium, here are five thumb rules you can follow to make an informed decision.

When it comes to healthcare plans, age isn’t just a number. This number determines the subscription price that you’ll have to pay to the healthcare provider. The rule of thumb here is that healthcare subscription charges increase with age. This is primarily because elder people have higher medical expenses compared with teenagers or young adults.

Therefore, when it comes to buying a healthcare plan, the sooner you start the better. In fact, 18 is considered the appropriate age for getting your own healthcare plan but anywhere in your early twenties is also fine, as long as you're healthy. Also, you should carefully check the age limit criterion of a healthcare plan before you make your choice.

Check T&Cs
This is one of the biggest conundrums when it comes to healthcare plans. Is the plan you're thinking about really a VFM (Value for Money)? People usually fall for the marketing and upselling tactics of brokers/healthcare providers and end up getting stuck with healthcare plans that don't offer what they promised.

Any plan purchased with little research is bound to give you the feeling of being cheated on. One way to prevent this is by avoiding long-term contracts, going for a trial period, and avoiding upfront heavy payments. This way even if you end up buying the wrong plan, you won't lose too much money. Monthly health subscriptions by platforms like Kenko Health are therefore a better option. They offer flexibility as you don't have to commit. You can cancel it anytime without losing your money.

Include OPD Benefits
This is one aspect that is often overlooked by most customers. Simply assuming that healthcare plans jacket everything related to health is not the best way to go. Since most healthcare products in the market don't cover your OPD expenses, it's important that you clarify or research this before investing your hard-earned money.

It is estimated that 65% of our healthcare costs are spent on OPD. This includes your regular doctor visits, medicines, lab tests etc. A lot of companies have now started offering OPD benefits but there's a limit attached to it. Make sure you go through these terms and have your doubts answered.

Look For Loopholes
Each and every loophole of the healthcare plan such as post-purchase deductions, limitations on the benefits, exclusions etc can throw you off guard. Opting for healthcare plans that are completely transparent in their settlement process is the way to go.

Generally, when agents are selling you health plans, they won't care about explaining these finer details. The website will also cleverly leave these details out. It is important to know what you're signing up for and what's your contribution should you undergo a treatment or an emergency.

Go For What's Easy
This is by far the most important point one needs to remember while buying a healthcare plan. No matter how good a plan seems upfront or how expensive it is to buy, the process for settling your benefits must always be transparent, easy and well-laid out beforehand.

How many days does it take to settle your requests? Who should be your point of contact? What to do in case of an emergency? What documents are needed after undergoing a treatment? Who pays first – you or your health plan provider? These are some questions that you must ask before making any payments.
To conclude, buying the perfect healthcare plan could feel daunting. You may also not buy one because you want to avoid these conflicts internally. However, if you follow these thumb rules, you will be able to get up the hill quicker, thus making the task comparatively less boring. Look out for a healthcare provider who is more interested in your health and financial goals and you should sail through.
(The writer is Aniruddha Sen.)

TOP

Claim settlement in online motor insurance – Here's all you need to know – Financial Express – 23rd August 2022

If you go by the everyday news, you would know how common road accidents are. Going by the National Crime Records Bureau (NCRB) data, India recorded over 3.5 lakh case of road accidents during 2020, with over 60% of them caused due to over-speeding. These hard-hitting figures make having motor insurance as crucial as life and health insurance in one's life, especially during this pandemic when an uncertain environment can lead to several untimely expenses.

The pandemic also changed the mode of mobility for many and led to an increased usage of personal vehicles over shared ones. This has resulted in a steady increase in sales of automobiles which also meant a rise in the demand for a motor insurance policy. Covid has also made way for a more contactless way of buying insurance, which is the online purchase of a policy. But when it comes to online claim settlement, there are a lot of unanswered questions that the policyholders have.

So, here's a guide on the procedure of claim settlement in online motor insurance.

How to purchase car insurance online?
The online process of obtaining car insurance is relatively easier as this requires minimal documentation. When buying a new policy, all the person needs to do is fill up the insurance company's proposal form and add the vehicle details to the system. In this case, uploading the last year's copy of your registration certificate (RC) is not always mandatory. Similarly, "for a policy renewal also, the holder follows the same process of filling in the information of the automobile as per the RC document and previous insurance details in the online proposal form. This is essential, especially when switching a policy from one provider to another. For instance, if someone wants to migrate to another insurance company, then the new company, if in doubt, will internally verify the details with the previous insurer. If details are found to be accurate, the former sends an affirmation that facilitates a smooth transition," says Ashwini Dubey, Head- Motor Insurance Renewals, Policybazaar.com.

Once done, an annual premium is calculated according to the Insured Declared Value (IDV). The higher the IDV of the vehicle, the higher the premium amount and vice-versa. So, carefully fill in the particulars as this information works as a base for filing claims.

How does online claim settlement work?
Many insurance companies are now offering an uncomplicated and straightforward online mode wherein the insurer can file for the claim on their website or app. As per the process, when an accident occurs, the insured is preferably required to inform the insurance company and file the claims online within a few hours. In addition, the customer may also be asked to upload copies of proof such as relevant photos and videos of the damage and incident, a copy of the registration certificate, driving license, among others.

Once filled, the insurance company directs the customer to the nearest network garage and appoints a surveyor who verifies the extent of the damage incurred by using scientific tools and data analytics and shares a repair estimate accordingly. If the customer agrees with the quoted value, the repair work begins. In case the insured prefers another garage, which may be closer to their home, etc., then the procedure is extended. In this, the appointed surveyor evaluates the damage, shares a survey report and raises an estimate. Once approved, the insurance company shares a work starting approval after which the policyholder can initiate the repair work. After completion, the surveyor again scrutinises the restoration, inspects the invoice, compares it with the initial work start approval and submits a final delivery report after which the customer can take their vehicle. The final payment is settled by the insurance company directly with the insured.

"In short, in order to make a claim, the customer must report the claim; upload copies of proof such as relevant photos and videos, a copy of the registration certificate, driving license, etc. Once done, the assessor uses various tools to analyse the damage and share a repair estimate. If the customer agrees with the quoted value, the insurance company shares a work start approval and repair work begins. When the work is completed, a second survey is conducted to compare repair with initial remarks after which the insurance company credits the amount to the network garage (in case of cashless) or the policyholder's bank account (in case of re-imbursement)," informs Dubey.

How is the claim amount decided?
The amount and the extent of the claim amount are decided by the surveyor appointed by the insurance company and are dependent on the type of car insurance policy bought – third party, own damage or comprehensive insurance.

Benefits of claim settlement online
Convenient– With the digital process, the insured doesn't require personal visits to the insurance company's branch or meeting their insurance agents. This also makes the process safe, seamless and straightforward. All they need to do is apply as per convenience, either on the company's mobile app or website.

Transparency– The absence of an intermediary makes this process more transparent. You can access all documents on the website, read through them, and make an informed choice.

Zero Paperwork– Online claim settlement filed digitally requires minimal to no physical paperwork. This makes the procedure swift. Furthermore, the soft copy of the claim is also sent to the policyholder's registered email ID, thereby reducing the turnaround time. In case of any assistance, help is always available in the form of contactless services provided by aggregators.

Affordable premiums: Online car insurance premiums are cheaper than offline as they involve no commission and physical costs.

Easier and faster Claim settlement: The settlement of claims in this mode is hassle-free and quick as everything is real-time and backed-up robust tech-based infrastructure. If insurance is bought from a private company, the insured can expect the claims very quickly. However, this depends on the claim amount and the extent of the damage.

Easy Payment: Buying car insurance online offers services like reminder notifications that ensure timely renewal of the policy.

What is not covered in online motor insurance?
Mostly, whatever is covered in the offline process is also covered in the online settlement. The insured cannot file a claim in case of gradual and natural wear and tear of the car or its parts or claim for consumable parts such as coolant or fuel. Also, loss or damage caused by a person without a valid driving license, i.e., an expired license or intoxicated, is not covered. Additionally, damage incurred due to misuse as per the manufacturing guidelines.

"It is highly recommended that you do meticulous research before buying a motor insurance policy online. Also, select a policy that best fulfils your requirement, and it is recommenced on opting for add-on covers like no claim protection, engine protection, etc. It will help save on massive costs. So, choose wisely and opt for online claim settlement as this hassle-free service is designed to ease your life," suggests Dubey.
(The writer is Sanjeev Sinha.)

TOP

Comprehensive car insurance is the most preferred option – Financial Express – 22nd August 2022

Comprehensive car insurance has become the most preferred insurance option, with 97% buyers opting for the same in Q1FY23.

According to data from the General Insurance Council, the total premium underwritten has increased year-on-year over the past two years. Especially with the first quarters of FY21 and FY22 being ravaged by Covid-19, there is an increase in overall underwritten premium by over 30% in FY23 vis-à-vis FY22. This reflects both in 'own damage' and 'third-party' underwritten premium.

For newer cars (0-7 years), comprehensive car insurance is the preferred option for a majority of customers as they look for end-to-end protection for their vehicles, but for older vehicles (10-15 years), third-party insurance selection rate goes as high as 50%. This is also reflected in the add-on preference in the lower car age segment.

Ashwini Dubey, Head, Motor Insurance Renewals, Policybazaar.com, told FE that third-party insurance selection rate goes higher as the car gets older. "Majority of customers tend to purchase third-party insurance as the car gets older in order to save money. Also, as many times the older car is a second car with limited usage, customers seem to prefer opting for third-party insurance in order to save money," he said. "For such customers, floater plans and pay-as-you-drive plans would be extremely beneficial as they would provide added coverage of own damage/theft protection at a minimal cost."

Add-on selection

'Zero depreciation cover' remains the most popular add-on, followed by 'engine protector cover' and 'roadside assistance', 'consumables' and 'return to invoice' cover. For brand new vehicles, 'zero depreciation cover' selection is above 90%, according to the data. "Most customers opt for multiple add-ons including zero depreciation, engine protection cover, return to invoice cover, consumables, etc, at the time of buying the policy," Dubey said.

The data shows that more than 50% of customers opt for 'zero depreciation cover' till the car is three years old, and it remains the most selected option until the car is five years old. 'Roadside assistance' add-on remains popular beyond that, till the car is seven years old.

Regional variation

Customers living in metro cities (Delhi, Mumbai, Pune, Kolkata, Chennai, Bengaluru, Hyderabad and Ahmedabad) tend to opt for a comprehensive plan over a third-party plan even for a car aged above 10 years. Add-on selection is also higher in metro cities and continues up to a higher car age.

(The writer is Vikram Chaudhary.)

TOP

SURVEY & REPORTS

38 percent of policyholders saw premiums rise by up to 50 percent: LocalCircles Survey – Live Mint – 25th august 2022

Are you among the lucky ones to be covered under a government healthcare or insurance scheme? If not, the uncertainty of being without health cover or having to pay a higher premium than last year for you and your family's health insurance cover must be a daunting task. The government's promise of "Universal Healthcare for All" by 2030 is a much-awaited dream for all who routinely dip into their savings to pay for medical/accident insurance, but remain worried about costs that may not be covered by the insurance policy bought.

After thousands of posts and comments were received pertaining to sizable increase in health insurance premiums by LocalCircles, it decided to conduct a national survey. The survey, conducted during August 2021 and August 2022, recorded 20,000 responses from people across 287 districts of the country on rising health insurance premiums.

About 67% of respondents were men while 33% were women, with 47% from metros or tier 1 districts, 35% from tier 2 districts and 18% from tier 3, 4 and rural districts.

About 38% out of the nearly 10,000 respondents to the question on "how much has your annual insurance increased in the last 12 months" said they had paid 50% or more, while 24% citizens had paid 25%-50% higher premiums and 11% had seen their health insurance premium go up by 10%-25%, another 9% paid 0%-10% higher premium. Only 28% did not have to shell out more or witnessed a dip in insurance premium or were unaware as their employer takes care of it.

From the responses to the survey, it was clear that the magnitude of the increase in premium has caught many unaware. Last year, while the percentage of respondents who experienced an increase of over 25% in health insurance premiums was 34%, this year that number jumped to 62%. Overall, an average Indian, after experiencing a 10% increase in 2021 is now experiencing an average increase of 25%. Many senior citizens with independent policies reported a much higher increase of over 50% which has squeezed their retirement finances amid rising inflation.

According to experts, health insurance premiums have increased anywhere between 10% and 25% after the pandemic, for a number of reasons, including high payouts during the last two years. In the case of senior citizens, according to policybazaar.com, "Health insurance premiums have increased by up to 100%".

Feedback on LocalCircles' platform suggests that for people over the age of 65 years, the premium amount has doubled over the last two years. For example, if the policy premium for two people in the 2019 – 20 was ₹28,000, then it is between ₹55,000 and ₹60,000 this year.

Also, in 2019 September, IRDAI had introduced standardisation of the exclusions under insurance cover. According to this, insurance providers cannot exclude some diseases from a policy. IRDAI has also made it mandatory for companies to provide coverage for some of the modern methods of treatment.

To summarise, every three in five Indians have experienced an increase of over 25% in health insurance premiums in 2022 after a sizable increase in 2021, with 38% witnessing a nearly 50% rise in their premiums.

TOP

Indian Life Insurance Sector Logs 11 Percent CAGR During 2017-22: Report – Live Mint – 25th August 2022

The Indian life insurance industry grew at a compounded annual growth rate (CAGR) of 11%, in terms of total premium and 17% in terms of new business premium, during 2017-22, according to a report by Benori Knowledge.

The global provider of custom research and analytics solutions estimated that the industry will grow at a CAGR of 9% until 2027.

Benori Knowledge also found that life insurance penetration rate in India rose to 3.2% in December 2021 from 2.8% in December 2019, almost on a par with the global average of 3.3%.

At 3.2 % penetration, India ranks 10th in the global life insurance market and ahead of China (at 2.4%) and the UK (at 3%).

This is expected to increase in the coming years due to multiple factors, which include changing consumer perception and realisation of financial security, easing of regulation regarding product approval and distribution, customisation in products, balanced channel mix, and digitalization efforts at company level.

“The instability of the covid-19 pandemic highlighted the necessity for consumers to invest in products that would increase financial security, one of them being life insurance," Benori Knowledge said in the report.

To better understand consumer preferences towards life insurance, Benori conducted a snap poll to find that 70% of respondents claim financial safety for the family to be their primary motivator for purchasing life insurance.

About 91% of respondents said their perception of life insurance has changed, from being viewed as an investment to being for protection. Further, 55% said that they bought their policy through an insurance agent, while 23% purchased it online, including bank portals, web aggregators, and direct purchase through websites.

While the poll indicated the importance of the agent, insurance agencies took the second spot among distribution channels.

Bancassurance was the primary avenue for consumers to discover and purchase life insurance, making up 55% of the distribution share in 2022. The prevalence of bancassurance channel was attributed to consumer trust and pre-existing relationships with banking institutions, along with banks’ in-depth knowledge of their customers’ wealth, enabling them to provide products aligned to their customers’ needs.

The report also highlighted that insurance agencies‘ share in the distribution mix has been declining, falling from 30% in 2017 to 23% in 2022. The decreased growth in premium purchases via agencies is not being overtaken by the bancassurance segment, but rather direct-to-consumer (D2C) channels.

Commenting on the findings from the report, Ashish Gupta, co-founder and CEO of Benori, said, “The Life insurance industry has been on a phenomenal journey over the last two years and the changing ecosystem as well as the structural change in the customer perceptions has now created large headroom for insurance penetration.

Life insurance companies must work on leveraging advanced tech stacks like AI/ML and customer segment analytics to derive actionable insights from customer behaviour to serve a better-suited, easy to understand product line. Investments in these technologies will also aid in developing intelligent process automation that can significantly reduce underwriting errors. In order to achieve this, effective partnerships with emerging fintech/insurtech companies should be pursued."

TOP

Car insurer directed to reimburse Ludhiana resident's theft claim of ₹7.30L – The Hindustan Times – 21st August 2022

The District Consumer Disputes Redressal Commission directed United India Insurance Co Limited to reimburse a ₹7.3 lakh claim for the theft of a car and pay ₹7,000 as compensation to a Ludhiana-based complainant.

Deep Aman Singh of Model Town Extension had submitted a complaint against United India Insurance Co Limited, Ludhiana, through its regional manager (referred to as opposite party 1 or OP1) and United India Insurance Co Limited, Hoshiarpur, through its branch manager (OP2)

The complaint
The complainant claimed that he was the registered owner of a Honda City car, which had been insured by the aforementioned insurance company and the policy was valid from December 30, 2017 till December 29, 2018m with an ID value of ₹7,30,000.

The car was stolen by an unidentified person on October 10, 2018, from outside his house, following which a case was registered with the police.

Intimation regarding the theft of the car was also sent to the OPs telephonically on the same date and a claim was registered in the records of the OPs on October 11, 2018.

The complainant said he completed all the formalities as required by the investigator appointed by the OPs and also supplied all the requisite documents including copy of FIR, certified copy of untraced report, report of NCRB and key of the car but despite that the OPs failed to reimburse the claim.

The car was financed and hypothecated with Punjab & Sind Bank for a sum of ₹7,00,000.

The complainant claimed that he continued to pay the instalments to the bank despite the theft, adding that the insurance company repudiated the claim on the ground that the second key of the car was left in the dashboard when it was stolen. He, however, claimed that the said key of the car was damaged and was not working properly and the complainant intended to hand over the same to M/s. Lally Motors, the authorised dealer of Honda City for replacement.

Singh requested the Commission to direct the insurance company to pay the claim of ₹7,30,000 along with interest @12% per annum along with compensation of ₹2,00,000 and litigation expenses of ₹33,000.

However, resisting the complaint, the insurance company pleaded that the claim was correctly repudiated as it was found that the complainant left the second ignition key of the car in the dashboard of the car itself. This act, the insurer said, amounted to gross negligence.

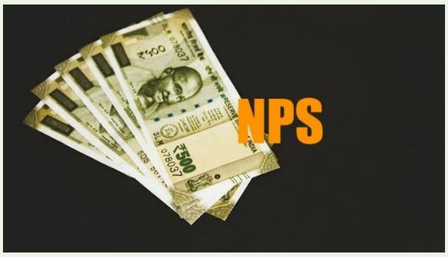
The order
The Commission, in its order, observed that if the car was locked by the complainant, leaving a second key inside cannot be counted as an act of negligence on the part of the complainant.

"The complaint is allowed with direction to OPs to consider and reimburse the claim regarding theft of the car and to pay composite costs and compensation of ₹7,000 to the complainant," it further said.

TOP

PENSION

New National Pension System D-Remit rule: Points of Presence to get up to Rs 10,000 commission. Details - Financial Express – 25th August 2022



The Points of Presence (POPs) under the National Pension System (NPS) will receive trail commissions on contributions made through D-Remit, according to Pension Fund Regulatory and Development Authority (PFRDA).

In a circular dated 22nd August 2022, the pension regulator said, "In order to support the Points of Presence (POPs) for their significant efforts and resources deployed by them for sourcing NPS Accounts and make them sustain their NPS outreach efforts, it has been decided that the trail commission shall be payable to POPs w.e.f. 01.09.2022."

"The trail commission on contributions made through D-Remit will be similar to eNPS (other mode of Online contribution) by those subscribers who were on-boarded by the respective PoPs. The charge structure for POPs were provided by PFRDA vide its circular dt. 31.01.2022," it added.

According to the circular, the trail commission to PoPs for D-Remit contributions of the associated subscribers will be at the rate of 0.20% of the contribution amount (Minimum Rs 15 and Maximum Rs 10,000) similar to eNPS.

The applicable charges would be recovered by unit deduction on a periodical basis, the regulator said.
The PFRDA has introduced the D-Remit (Direct Remittance) facility for the subscribers wherein they could deposit their voluntary contributions with greater ease by creating a static Virtual ID linked to their PRAN and remit the amount from their Bank Account.

The D-Remit has been envisaged as a 'subscriber centric measure' to enable one to deposit contributions into PRANs from their savings bank account through Net banking/IMPS/UPI.
"The feature intends to optimize investment return by offering same day NAV, if Trustee Bank receives the contributions before 9.30 AM. It has become very popular because of its ease of use, operational convenience, the unique facility of setting up SI/auto debit, changing the auto debit amount, pause auto debit etc," PFRDA said.

TOP

Centre looks to expand coverage, revamp working of ESIC, EPFO – The Hindu Business Line – 24th August 2022

The Centre is planning to significantly increase the capacity of the Employees' Provident Fund Organisation and Employees' State Insurance Organisation as it tries to bring in more informal sector workers into the ambit of the schemes. To this end, the Union Labour Ministry is working on expanding the coverage of the ESIC scheme by including its coverage to all 744 districts across the country by the year end. It is also working on a strategy to overhaul the EPFO with an eye on expanding its coverage, more focus on technology, roping in professionals and making it amongst the top five pension fund managers globally by 2047. The issue will be taken up at the two-day National Labour Conference of Labour Ministers and Labour Secretaries of States/UTs scheduled on August 25 and 26 in Tirupati, which will be addressed by Prime Minister Narendra Modi.

In a graded approach, it plans to provide EPFO coverage to at least of the 25 percent informal workers by 2027, take it up to 75 percent by 2032, and to 100 percent of such workers by 2037. At present, the EPFO covers 5.81 crore formal sector workers in establishments with 20 or more employees. "There is a significant coverage gap in terms of both formal and informal sector workers. The objective now will be to expand its coverage into a universal scheme, covering all formal and informal sectors workers eventually," said a source, adding that the administration and working of the EPFO will also be revamped. An enabling provision has been made in the Social Security Code, 2020 to include self-employed and any other class of persons into the fold of social security coverage under EPFO and ESIC through formulation of schemes.

(The writer is Surabhi.)

TOP

IRDAI CIRCULARS

Topic	*Reference*
List of Insurance Marketing Firms	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo2744&flag=1
Exposure draft- Insurance Regulatory and Development Authority of India (Payment of Commission or Remuneration or Reward to Insurance Agents and Insurance Intermediaries) Regulations, 2022	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4794&flag=1
Expert Committee on Implementation of Ind AS/ IFRS in Insurance sector	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4793&flag=1
Updated List of Life Insurers	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo129&flag=1

TOP

GLOBAL NEWS

Singapore: Digital health platforms reduce hospitalisation rates – Asia Insurance Review

Investing in telemedicine and digital health platforms could reduce costs by making primary care accessible and affordable. Such services have lowered the need for hospitalisation in Singapore when the country was dealing with a massive wave of COVID-19 cases caused by the delta variant.

"We brought hospital visits down by over 30% because of such preventive digital health platforms. And we aren't the only ones, so do the other platforms that we work with that are coordinated by the Ministry of Health … I think the next 10 years is about how we make it even better for preventive health than just preventing visits to the hospital," said MyDoc co-founder Dr Vas Metupalle speaking at a panel discussion at the Asia Life Insurance Summit.

He said digital health platforms can increase awareness of primary prevention measures such as influenza vaccines. Health apps developed by insurers can promote public education and have more reach than telehealth apps which are only used when patients fall sick.

The healthcare industry in the country is preparing to deal with an ageing population. Life and health insurers in the country are concerned with rising costs of healthcare and an elderly population who suffer from chronic illnesses. While life expectancy in the country stands at about 83 years, having longer lives may mean frequent visits to the hospital and more insurance claims.

“After the age of 40, one in four Singaporeans has some sort of chronic condition. In 2035, 27% of Singaporeans will be aged 65 or above ... This segment of the population will have at least one or probably two or more comorbidities ... We have a population that's aging, that's going to live long and that’s not going to be absolutely healthy,” said Prudential Singapore medical portfolio management medical director and head Dr Sidharth Kachroo who was moderating the discussion.

“Thirty percent of hospital admissions are avoidable. However, insurance only pays for hospitalisation … Patients come in and then three months later, they come again because out of pocket, it's cheaper to stay in the hospital. But increasingly, we are learning from other countries which have diagnosis related group funding,” said The Good Life Medical Centre specialist and medical director Dr Carol Tan.

“The most important part of prevention is health literacy. I'm a geriatrician but my practice is 80% telehealth now thanks to COVID-19. Prevention is about teaching people how to manage their own health. It’s also about preventing expensive complications despite getting chronic diseases,” she said.

TOP

Insurers play catch-up to adopt emerging technologies - Asia Insurance Review

From technologies that can assess a person's mortality via a photograph to underwriting platforms that organise unstructured data to evaluate an insured's risk profile - the life and health insurance sector is gradually shifting towards better use of data and emerging technologies to improve modelling, underwriting and distribution channels. Speakers at the Asia Life Insurance Summit said it helps them create solutions that improve customer engagement and experience.

“It's about giving the consumers something they understand. If I can understand something, I can improve it. So future systems will have coaches and they will become more advanced … I believe that AI can help us understand data and motivate us to do something about it,” said dacadoo resident and CEO Peter Ohnemus, speaking at the Asia Life Insurance Summit.

“You can do two things to improve the overall health of your portfolio. That is through engagement actions and behavioural changes … Behavioural changes are extremely difficult to make and that’s why customer engagement is the biggest challenge today,” said AXA Life and Health Reinsurance Solutions CEO Laurent Pochat-Cottilloux.

Getting the right data

Speakers also discussed the use of wearable technologies that collect relevant data which help insurers and customers to monitor vital signs and predict healthy outcomes. Such data could also help insurers in underwriting and understanding customer activity.

“Wearables should be able to capture data for either underwriting new customers, retaining customers or renewing a policy ... the wearables can help detect certain health trends and help to price products. It's all done through artificial intelligence ... I think InsurTechs that are in this space are continuing to refine their algorithms, develop them and making sure that they work properly,” said Tune Protect regional health general manager Fred Hegner.

“With this technology, what we're trying to do is drive down the cost of insurance with technologies like AI and the internet of things … When you start to introduce these new technologies, you have to think about regulation and how we're going to govern it … How do we protect our data and ensure that it's clear? Digital transformation is also driven by customer demand and customers want new ways to engage," said Lapetus Solutions co-founder and CEO Dr Karl Ricanek.

TOP

Pakistan: Regulator issues registration rules for microinsurers and online insurers - Asia Insurance Review

The Securities and Exchange Commission of Pakistan (SECP) has introduced a registration regime for digital-only insurers and dedicated microinsurers. This will promote digitalisation and improve customer convenience.

The new framework is aimed at encouraging innovation, expanding product range, and promoting financial inclusion, the SECP says in a statement. The registration requirements have been designed to reduce barriers to entry, in terms of minimum paid-up capital and solvency requirements.

The minimum capital requirements have been set at PKR100m ($463,000) for non-life digital-only business and PKR250m for life digital-only business. For non-life and life microinsurers, the capital requirements are set at PKR80m and PKR150m, respectively.

The framework requires the digital-only insurer to develop digital claim lodgment and payment process from the inception of operations through the complete transition to digitalised claims processing comprising of claim intimation, claims assessment and payment. The new framework does not prohibit existing insurance companies from underwriting microinsurance products or distributing insurance through digital modes, under their existing setup.

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