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QUOTE OF THE WEEK

**“Experience without theory is blind,
but theory without experience is
mere intellectual play.”**

Immanuel Kant

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INSURANCE TERM FOR THE WEEK

Builders risk policy

A property insurance policy that is designed to cover property in the course of construction. There is no single standard builders risk form; most builders risk policies are written on inland marine (rather than commercial property) forms. Coverage is usually written on an all risks basis and typically applies not only to property at the construction site, but also to property at off-site storage locations and in transit. Builders risk insurance can be written on either a completed value or a reporting form basis; in either case, the estimated completed value of the project is used as the limit of insurance.

Source

INSURANCE INDUSTRY

Insurance proposal form: How will dispensing with physical signatures till March 31 help customers? - Financial Express - 12th December 2020



A recent circular of the Insurance Regulatory and Development Authority of India (IRDAI) has permitted the sale of life insurance policy online without the need of physical signature till March 31, 2021. Amid the ongoing COVID-19 pandemic, this decision of IRDAI is set to help customers willing to buy life insurance policies online. This will also boost the online sale of policies and eliminate chances of fraud.

According to Dharendra Mahyavanshi, Co-Founder, Turtlemint (an InsurTech Company), the IRDAI's circular for life insurers which now allows life insurance to be sold online without the need for physical or wet signatures of customers on the proposal form is quite a progressive step towards

complete digitisation. In the time of the pandemic, this change is a welcoming one with social distancing and online transactions across all other investment products.

“Now the customers can buy all life insurance policies online through digital signatures or OTP-based registrations for ease of purchases. As of now, this mandate is available for policies sold till 31st March 2021 even if it is sold via intermediaries and agents,” Mahyavanshi told FE Online.

According to the Turtlemint co-founder, some of the benefits of the new IRDAI decisions for customers are:

1. Customers can buy a life insurance policy online with minimal hassles even through their choice of intermediaries if needed.
2. Since the authentication would be done through digital signatures or OTPs, the chances of fraud are eliminated.
3. Customers would get the policy details in their email IDs and the policy would be sold once customers verify the link shared on the email
4. Payment of premium would be made only after the customer verifies the policy link on the email through his/her digital signature or OTP. This would give customers time to check the policy details and buy the policy only when they are satisfied.

5. Insurance companies have been asked to do due diligence on policies sold without physical signatures. This would also weed out the possibility of frauds.
6. In this post-COVID world, customers can practice social distancing norms and buy the policies online. This would not only keep them safe but also allow them to fulfil their insurance needs

“Thus, the IRDAI’s move is beneficial for customers and would make it easier for them to invest in life insurance plans online conveniently,” he said.

(The writer is Rajeev Kumar.)

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Insurers need to look at full value chain for digital transformation - The Economic Times - 12th December 2020

Insurance primarily has been an assisted and advisory sales model in India. It has been done majorly at physical in branches and face to face manner.

The Covid-19 pandemic induced lockdown led to a phase where physical face to face selling was not possible and they had to rely on digital assisted sales through video calling and tablet devices.

While over the past few years insurers in India have focused on developing a seamless frontend to offer a superior customer experience, a lot of work needs to be done at the backend transformation according to Rana Biswas, Vice President for APAC at Equisoft, a tech company driving digital transformation for Insurance and Wealth Management companies.

Value Chain

Rana believes insurers need to look at an entire value chain as the demand for insurance increases and they can’t afford to have downtime or not serve the customer when the demand for it occurs.

Insurance companies have two important components — the core Policy Admin System (PAS), which is the brain and heart of any insurance company (equivalent to Core Banking Solution in banks) and the frontend, which is essentially the digital piece of sales and customer service.

Rana added, “The frontend is equally important because both complement each other. Most insurers have a strong frontend which we are seeing right now, while the Indian Insurance industry is more than 20 year old and 90% insurers would have a legacy system across APAC and later on added layers to integrate with frontend, what essentially happens is there’s huge anomaly in the legacy policy system which is supposed to be fast, agile and nimble footed to keep pace with the front end and that’s not happening.”

He believes upgrading the old system is not equivalent to a new system, at some point the upgrades will stop coming in because the core fundamental of the architecture is changed.

This anomaly between the front-end and backend could potentially impact the launch of new products as in old systems it takes nearly in excess of four months to roll out new products.

He said, “Insurers in India are yet to fully align their backend with frontend to harness the real power of digital journey and the entire value chain has to work in tandem and the entire process has to pivot around customer centricity.”

Digital Transformation

Digital Transformation in any financial services company is not an easy task. He is up for a multi-stakeholder approach is needed in any organisation. The CIO can push it but the management has to take ownership and drive the right metrics throughout and after the transformation exercise.

He noted, “A full fledged digital transformation is a big project and doesn’t happens overnight it takes 2-3 years and requires meticulous planning and due diligence. Insurers will have to meet and match customer expectations as it is quite a competitive market both in non-life and life insurance space.”

According to him, the trade-off between the investment and return on investment is to bring in more business, increase marketshare, efficiency and productivity and it’s a 3-5 year horizon to drive the metrics with respective business heads as there are multiple stakeholders.

While discussing Indian insurers and their focus on digital transformation, he said, “They are warming up for full transformation while they’re making profits but there are accumulated losses so it will take a while for them to invest heavily on a full journey. We see a lot of insurance companies warming up for digital transformation, CIOs are evaluating whether they can replace couple of modules to bring in efficiency and productivity. It’s all about the mindset shift which is required and understand that this is critical and the need to do is there.”

Thee pandemic has reset the game and the products are going more towards simplification and standardisation and in such a simplified product regime insurers can’t afford to have complex backend processes.

He concluded, “Budget is not an issue as such, if the CXOs believe it’s a must-have instead of good to have the board won’t deny the transformation exercise.”

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INSURANCE REGULATION

IRDAI moots standard personal accident cover - The New Indian Express - 14th December 2020



Have you been confused while opting to make a personal accident insurance claim? Well, India’s insurance sector regulator last week proposed a standard personal accident insurance product to get settle this confusion. The Insurance regulator Insurance Regulatory and Development Authority of India (IRDAI) has uploaded a draft of this proposal and has sought comments from stakeholders by December 18. According to the draft, this standard product should have basic mandatory covers offering protection against death, permanent disablement, or partial disablement due to accidents.

The standard product will need to be offered with a policy term of one year and also cover expenses towards hospitalisation. The IRDAI’s proposal place the minimum sum insured at Rs 2.5 lakh and a maximum sum insured at Rs 1 crore. Beyond that, however, insurers can also offer such products on their own and can use the same name for the product if all terms and conditions remain the same, IRDAI said.

Regarding basic covers, the IRDAI has proposed that benefit equal to 100 per cent of sum insured shall be payable on death of the insured person due to an injury sustained in an accident during the policy period, provided that the insured person’s death occurs within 12 months from the date of the accident. Also, the sum insured should be increased by five per cent for each claim-free policy year-provided that the policy is renewed without a break-subject to maximum of 50 per cent of the sum insured.

If a claim is made in any particular year, the cumulative bonus accrued may be reduced at the same rate at which it has accrued. Since the regulator is aiming to launch the product by April 1, it has informed all insurance companies that it will make it mandatory to sell the product. "Every general and standalone health insurer, who has been issued a certificate of registration to transact general and/or health insurance business, shall mandatorily offer this product," said the draft guidelines issued by the IRDAI.

All the stakeholders are expected to give their suggestions and feedback by December 18, after which the IRDAI will come up with final policy guidelines. The IRDAI had initiated a similar move to standardize health and term insurance policies earlier.

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LIFE INSURANCE

Insurance: An insurance cover for each life stage - Financial Express - 18th December 2020



Young individuals these days spend a lot of money on electronic gadgets, holiday travel and parties. However, it is advisable to buy some basic insurance plans before investing in any instrument.

Young age

Term plan: Go for an online term plan as soon as you start earning. As a term plan is a pure insurance plan without any investment component, the premiums are very low. For example, a 25-year non-smoking individual with Rs 5 lakh yearly income can purchase online term plan of 35 years duration of `1 crore sum insured by paying Rs 5,000-7,000 premium yearly.

Individuals can choose an appropriate sum insured by using a simple multiple of salary method. This

plan is needed by one who is young, the sole breadwinner in the family, financially independent, has dependents such as parents, spouse and children.

Health insurance

It is important for an individual to purchase a good health insurance plan with adequate sum insured. If an individual is unmarried, he should buy cover himself and parents. If married, he can cover himself, spouse, parents and children with a family floater plan. If parents are senior citizens, it is advisable to have separate senior citizen health insurance plan as premium in family floater plan is calculated on eldest member's age.

Personal accident policy: A personal accident insurance provides compensation in case of accidental injury and permanent or temporary disability. And in case the life assured dies due to an accident, the nominee will receive a substantial lump sum amount.

Critical illness policy: In this cover, if the insured is diagnosed with any of the listed critical illnesses such as cancer, coma, paralysis, kidney failure, heart attack, etc., the full sum insured is paid.

Middle age with growing family

Top-up health insurance plan: Apart from having the basic family floater health insurance, one must enhance his policy sum insured with a separate top-up (deductible) plan. A top-up plan increases the insurance coverage over and above existing base policy at a comparatively lower cost as compared to

increasing the sum assured in the base policy. The top-up plan comes to your rescue if medical insurance claim crosses a threshold.

Deferred annuity plan: In deferred annuity, the person gets pension after a defined time. He pays the money through regular premium or single premium payment over a policy term. Check past track record, current financial strength of the insurer before purchase. It is advisable for an individual to start at this stage to build a good pension for retired life.

Old age

Senior citizen health insurance plans: The higher probability of diseases and absence of social security in old age is a big concern among senior citizens. For this, senior citizen health insurance plans are a blessing. The features include co-payment (between 10- 30%), limit on sum insured (Rs 1-5 lakh), compulsory pre-policy medical checkup, waiting period for pre-existing diseases (2-4 years).

Immediate annuity plan: For a steady pension, an individual having a lump sum amount at his/her retirement age may purchase an immediate annuity plan from a life insurer. In this, he starts getting pension immediately on paying a lump sum premium to the life insurer.

(The writer is A P Singh.)

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Source

Standard term life cover's easier proposed than done - The Economic Times - 18th December 2020



Insurance regulator Irdai's attempt to make life insurance policies more inclusive for middleand low-income population by the way of mandating all insurers to sell a standard term policy, has brought to fore key challenges in assessing mortality risks further amplified due to the ongoing pandemic. The Saral Jeevan Bima, India's first standard term cover, set to hit the market from January 2021 will be priced nearly two to three times higher than the average premium rate charged for term covers in the industry. Lack of reinsurance support for the product owing unreliable data on the mortality experiences of key target segments — including the self-employed and low-income groups — amid the ongoing pandemic has led to a stark mismatch in the

premium quoted by several private insurers to brokers, as per sources in the know. "This is a complicated product to underwrite and there are barely any reinsurers who are supporting this, and hence insurers are factoring the risks in their prices," said the CEO of a top private life insurer. "What the industry requires is to have a robust internal risk assessment model to quote a fair price and bring as many people under the ambit of coverage," the executive said.

According to Santosh Agarwal, Chief Business Officer- Life Insurance, Policy bazaar, the inclusive nature of the cover and existing competitive prices on term covers could see the product priced on the higher side. "The cover is focusing on the self-employed group and middle-income groups," said Agarwal. "Because insurance companies can no longer discriminate based on income, profession or education, and the existing prices are already low - we can expect this product to be priced a bit higher. For at least four private insurance companies, the annual premium range for a ₹25 lakh cover for a 35-year-old non-smoker is set to be between ₹12,000 and ₹18,000, the sources said. This is significantly higher than the ₹6,000 to ₹10,000 range at which term life covers are typically made available by insurers both for group and retail policies where the underwriting standards based on actuarial assumptions are much more

stringent. Another industry CEO, also requesting anonymity, said that pandemic related challenges in risk assessment and a lack of reliable data on mortality experiences are skewing the pricing of the product as well.

“There are two broad challenges – the target segment doesn’t have very reliable data on mortality and pricing the midst of a pandemic,” the executive said. “The question is also how much reinsurance support companies can garner which would determine the pricing.” An industry committee has further recommended the insurance regulator to extend the deadline of launch by a month until January to ensure that the industry is ready to market the product at scale, a source said. Agarwal of Policy bazaar, however, added that the value proposition for those without any life insurance cover opting to buy the Saral policy is undeniable as the sum assured and other protection benefits could go a long way in ensuring financial security among households. Designed by the Irdai as a non-linked, non-par protection policy, families insured under Saral Jeevan will get a stipulated pay-out in the range of ₹5 lakh to ₹25 lakh in the event of death. “The standard product – Saral – would go a long way in making it easier to understand life insurance. It is also aimed at targeting the missing middle-income groups who are underpenetrated in the current scheme of things,” said NS Kannan, the CEO of ICICI Prudential Life Insurance.

(The writer is Ashwin Manikandan.)

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Source

Do not ‘Panic-Buy’ life insurance due to the COVID-19 pandemic – Here’s why - Financial Express – 16th December 2020



Since the onset of the COVID-19 pandemic in the country, the term life insurance industry is experiencing something of a renaissance. In the last 8 months, customers have been purchasing term life insurance in elevated numbers, just when thousands of Indians began testing positive for the novel coronavirus. The result seems logical given the core objective of term life insurance; a financial backstop in the event of your sudden demise. If the breadwinner of a family dies unexpectedly due to the COVID-19 infection, term life insurance will plug the immediate gap in household income.

“Panic-buying” – The New Trend?

Insurers report that the business of term life insurance has witnessed a traction of 40 per cent in

the last 6 months as the pandemic has forced the importance of financial protection to the top of the mind for consumers in a way like never before. Moreover, media reports filled with stories of thousands of people being infected with the pandemic and tragic loss of life each day, people are increasingly aware that good health and long life are not givens that they can take for granted anymore. While it is good that more and more people are buying term life insurance to financially protect their families, there is a flip side to the story. With a rise in the sale of term life insurance plans, Indians are believed to be moving towards “panic buying” amid growing concerns about the COVID-19 pandemic.

This is supported by a recent Swiss Re report that states that Indian consumers are second most active in the Asia-Pacific region in seeking insurance during the COVID-19, driven by financial concerns. The report further elaborated that, “Indian consumers are among the most active and engaged when it comes to insurance, trailing only China when it comes to researching new policies and satisfaction levels, proving the potential and importance of insurance in this growing market.”

Things May Go Wrong

Well, while it is important that you invest in the right term life insurance policy to financially protect the future of your loved ones, “panic-buying” in insurance may cause unnecessary wastage of money. Moreover, it may cause undue anxiety and stress if you realise that you cannot file a claim when the need arises, or there are delays in receiving your insurance proceeds just because you did not buy the right term life insurance policy. A few months back, one such incident happened with the family of Mr. Ramesh Mathur – 38, who bought a term life insurance plan in the month of March – just when the pandemic strike India. Out of anxiety and stress to financially protect the future of his dependents, Mr. Mathur bought a term life insurance plan with Rs 50 lakh sum assured in a hurry without evaluating his actual financial needs. Unfortunately, Mr. Mathur died due to COVID-19 in the month of October and on his demise his family received a sum of Rs 50 lakh.

However, this amount was not sufficient to take care of the financial needs of the family as Mr. Mathur had a home loan of Rs 35 lakh which had to be repaid and also he had two kids aged 9 years and 5 years, and a wife who were all dependent on him. With that Rs 50 lakh, his wife had to repay the home loan, a part from taking care of the financial needs of the kids that included their education, marriage and daily lifestyle expenses which was practically not possible without asking for financial help from other family members. The point is, the core reason for which Mr. Mathur bought the term life insurance plan – financial protection of the dependents – could not be served. During the ongoing pandemic and the immediate need to protect your family under a robust financial protection plan, there are many people like Mr. Mathur who are doing the same mistake – “panic-buying” term life insurance.

Be Thoughtful of What You Plan to Buy

Just like wearing a mask, washing hands frequently and maintaining social distancing are the best defences against COVID-19, evaluating your financial needs, buying the needed add-ons and taking coverage until the right age are some of the best defences against “panic-buying” of term life insurance. During this period of heightened financial security anxieties, it is important to set aside some time to review your financial value and assess your financial needs in the years to come.

This is because your financial needs change with your life stages and it is important that you protect the future of your loved ones with the right sum assured when you are not around to take care of them. In order to make sure that what you are planning to buy to protect the financial future of your loved ones is still relevant after several years, it is important to invest in the right product. One must never forget that financial protection of dependents using term life insurance is the only one key aspect of the right financial planning.

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Here's how you should proceed to buy the best term plan - The Bridge - 15th December 2020



In today's world, there are increasing risks that have made the need for security incredibly urgent. For that purpose, insurance policies are valuable financial instruments that provide protection against unpredictable life events. It helps in establishing a financial cushion and grow your savings over time. In recent years, the insurance industry in India has seen tremendous growth.

Term insurance is one of the most widely known insurance products that offer financial compensation upon the untimely demise of the insured. Anyone can opt for a suitable life cover at affordable prices after using a term insurance

premium calculator conveniently. Yet, there is still a substantial segment of the country that remains uninsured.

There is massive competition among insurance providers to bridge the gap by offering accessible plans to people. The facility of a term insurance premium calculator helps in determining the required coverage according to your portfolio. If you are looking forward to purchase a term plan, you must be aware of certain factors that matters.

If you look at your life, it is different in many ways than your neighbor or friends. Each of us has a distinctive lifestyle and need a financial plan that accommodates that efficiently. Hence, assessing your needs when it comes to term plans is the first step to choose the best plan.

When you use a term insurance premium calculator, you need to fill in personal information such as age, gender, annual income, and smoking habits. These are factors that help determine the adequate coverage you require from your term plan. The term insurance premium calculator also enables you to understand what affects the policy term and coverage amount.

Apart from using the online term plan calculator, you must consider the following things before purchasing a plan.

Focus On Goals

Insurance plans are essentially a long-term investment that affects your life for years. When you are buying a policy, your goals and financial objectives are pivotal in deciding the insurance coverage. For instance, if you are someone with several financial dependents such as spouse, children, parents, then the coverage amount should be enough for them in a time of crisis.

It is in your best interest to consider life goals such as children's education and marriage using a term insurance premium calculator. It is unpleasant to think of your loved ones in a state of helplessness or dependent on someone else. Hence, you must consider long and short-term goals while using term insurance premium calculator.

Consider Liabilities

When we talk about life goals, buying a home, a car, or other significant properties require financial aid. Most of us have to fall back on loans to fulfill our dreams in life. If you are the breadwinner in your family, it is crucial to prepare for any unforeseen circumstances that will leave you in financial distress.

In case of an unfortunate incident, your loved ones may not be able to meet the expenses comfortably. Debt repayment can cause a massive financial burden in the absence of an income source. Hence, remember to factor in any outstanding debts in life while using the online term plan calculator.

Compare Plans

The number of people investing in insurance plans is steadily rising each year. As a consequence, there is no shortage of insurance providers in the market. The overall size of the insurance sector in India was expected to be US\$ 280 billion in 2020.

Considering that, it is crucial to choose a reliable insurance provider just as it is to use a term insurance premium calculator effectively.

You buy a term plan with the sole purpose of creating a financial support system for your family. A term insurance premium calculator from a trusted insurer gives you the certainty you require. A careful and thorough term insurance comparison between different providers allows you to avail of the best benefits possible.

Give Your Family the Gift of Financial Well-Being

When you imagine your life years from now, it is dreadful to think of anything but a joyous and peaceful life with your loved ones. But, the unkind reality is that life can be cruel and unpredictable. It is necessary to secure the financial aspect when you can since it is the backbone of your family's well-being.

Using a premium calculator, you can prepare for the coming years precisely. A sound financial plan will enable them to achieve their goals without any compromise. Nothing can be greater than the promise of providing for them, even in your absence.

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Insurance companies helping senior citizens and customers via technology in social distancing times – Here is how - Financial Express – 15th December 2020

The coronavirus pandemic posed a high risk to the lives of people across the world, however, it also increased awareness around health and safety. With this heightened awareness, as people started considering insurance as an inevitable need, the life and health insurance segment saw a rise in demand.

However, due to the pandemic, it became difficult for individuals especially senior citizens to visit branches and get access to products. To help with that, various companies launched technologies and innovative tech features, to cater to senior citizens and customer base in remote areas of the country.

For instance, Bajaj Allianz Life introduced smart assist' that replaced the in-person interaction with screen to screen interaction, offered digital life certification through video calling and other digital solutions that have helped insurance companies to maximize sales and improve customer service.

Kayzad Hiranek, Chief- Operations and Customer Experience At Bajaj Allianz Life says, "We focus on providing smart digital solutions to policyholders while bearing in mind the new business environment that we are currently operating in. For instance, the Digital Life Certification via iSERV video calling available on WhatsApp reduces the physical stress of visiting a branch on an annual basis to submit life certificate."

What video-based customer service initiatives have been taken by the insurance industry?

The insurance companies have been encouraging customers and employees to interact virtually through WhatsApp. Hiranek, of Bajaj Allianz Life, says, "This transition of customer interaction to video from traditional face-to-face has made the process easy and convenient. It has enabled them to operate from the comfort of their home while maintaining seamless communication."

The life insurance company says that there has been an 86 per cent usage increase across all their digital assets, includes channels such as Life-Assist – web (customer portal) and through apps. The Digital Life Certification process via iSERV through video calling on WhatsApp has helped senior citizens submit their Life Certificate through a video call, making the entire process contactless and hassle-free.

How does Digital Life Certification through video calling work?

The Digital Life Certification via iSERV video calling is available on WhatsApp that reduces the physical stress of visiting a branch on an annual basis to submit a life certificate. The company says the service has been introduced for customer's convenience, keeping in mind how digitally inclined customers have become especially, during the time of the pandemic.

Additionally, experts say the submission of Life Certificate online, further eases the annuity pension claim process for policyholders. The process has been designed keeping in mind the needs of senior citizens. This service makes the process of submitting Life Certificate contactless, paperless, and hassle-free allowing customers to connect directly to the company representative in a secure environment remotely.

What is the Bajaj Allianz Life's Smart Assist service?

Smart Assist is a technology service in the insurance sector – it is a co-browsing service that enables personalized engagement with the policyholder with end-to-end encryption. Experts say this digital intervention ensures that both the policyholder and employees continue to stay on track with their goals while being safe and managing the protocols required in these times.

Usually, while buying a policy, there is a discussion process requiring meeting the policyholder in person, however, with the Smart Assist, this happens via a screen-to-screen interaction. The service allows customers to connect with the company sales force through a screen sharing feature and avail real-time

assistance during their purchase journey – anytime, anywhere. The salesperson has to send a simple link to the customer, who opens it on her/his mobile or laptop and then commences the interaction.

Services available through WhatsApp

From banks to insurance companies now offer a host of services that any customers can use. Insurers offer services such as policy information, premium payment, fund value, premium payment receipt, premium paid certificate, etc. In addition, customers can also get their resolutions on their policy 24×7 on WhatsApp.

(The writer is Priyadarshini Maji.)

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Source

Importance of life insurance: 5 reasons to buy a suitable plan - The Covai Post - 14th December 2020



Over the past few months, the unpredictability of life has made itself more evident. The global pandemic has made us acknowledge the importance of protecting our loved ones. A reliable way to ensure that they are secure even in the face of a crisis is to invest in life insurance.

If you are earning and have financial dependents, it is crucial to plan your expenses and savings. It helps you invest your income in the right place at the right time. Life insurance in India is one of the most popular financial instruments that offer protection against unforeseen circumstances. You cannot put a price on life, but you can ensure that your family

members will not be burdened with expenses in your absence.

There are several reasons to purchase a life insurance policy in India. For any hard- working individual, it is essential that their income is utilized efficiently. Life insurance policies help you achieve that without causing a strain on your finances. Let's look at some of the reasons to purchase a suitable life insurance plan.

1. Premium Rates

An attractive feature of a life insurance policy is that they allow policyholders to secure coverage at affordable rates. Premiums are the predetermined amount that the insured individual pays to the insurer to keep their plan active. Different types of life insurance policy have varying premium rates depending on several factors.

The duration of your life insurance plan, the sum assured, premium payment frequency, and other such factors considerably impact the premium rates. If you want to choose from one of the affordable types of life insurance in India, choose term insurance, which offers coverage for an extended period at low rates.

2. Multiple Benefits

There are different types of life insurance policies available in the market today. Insurance providers recognize that each individual has varying requirements from their plan. For example, some people may look for investment opportunities along with life cover, while for some, retirement planning may be the primary motive.

Insurance providers offer a variety of life insurance plans that satisfy such diverse needs. You can make the decision based on the nature of your income source, lifestyle, and long-term family requirements.

3. Tax Benefits

Each of us wishes to maximize our savings from income. Multiple things in life can cause a strain on your pocket. It is of utmost importance that something as essential as life insurance is not among them. The primary purpose of life insurance is to provide support in difficult times. If you are struggling to keep up with the cost of life insurance in the first place, it defeats the purpose of it.

Hence, the government of India allows certain tax benefits on investments towards life insurance policies. It helps relieve the policyholder of their tax liability significantly. For example, any premiums payable towards life insurance are eligible for a tax deduction of up to Rs. 1.5 lakhs as per Section 80C of the Income Tax Act, 1961. Furthermore, there are tax benefits on the claim settlement and maturity amount as well.

4. Riders

While most people are familiar with a life insurance policy's primary benefits, not all are aware of the life insurance riders. Riders are add-ons to the existing life insurance policy that enhance the coverage to a great extent. They enable policyholders to avail of additional benefits without investing in a standalone policy, which may cost more.

For example, Max Life Insurance offers a critical illness rider with their term insurance policies. It provides protection against a list of life-threatening diseases such as cancer, heart attack, kidney failure, major surgeries, and many more. It helps the policyholder to get health benefits along with life coverage. Since the costs of medical treatment are rapidly rising, such a rider can be immensely valuable.

5. Peace of Mind

It is rightly said that without your peace of mind, everything else seems futile. A life insurance policy aims to take all your worries away regarding future expenses. If you carefully devise a financial plan, you can make the most of it by investing at the right time in the right policy. There is nothing more significant than gifting the promise of support to your loved ones for when they need it the most. When you purchase a suitable life insurance plan, you can rest assured that they will never have to compromise on their life goals.

Make a Wise Decision for Your Future

Your family deserves a future where they can live peacefully and reach their aspirations. As someone responsible for their well-being, it is crucial to evaluate the long-term goals to find a suitable life insurance plan. While doing so, it is essential to choose a dependable insurance provider such as Max Life Insurance. When it comes to the security and happiness of your loved ones, there should be no room for mistakes. Be sure to carefully review the benefits that the insurer offers with your life insurance plan before investing.

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Does your child need life insurance? – Live Mint – 13th December 2020

Buying life insurance for children is not uncommon. But, is that even practical?

Dilshad Billimoria, certified financial, Director, Dilzer Consultants, said, child Insurance is the worst investment a parent can make for their children.

The objective of Insurance is for protection and income replacement when the main income-earning member dies. Hence, it is an essential requirement for every earning individual. Since your child does not have any income it is a futile expense.

"By Insuring a child- (education plans and child insurance plans) what is the point?! Should anything happen to the child- parents will receive the monies- What is the end objective in that? Not a good option at all!" Billimoria adds.

Then why do people buy life insurance for children?

Most parents buy a child policy assuming that it would be a great investment for their future goals like higher education or marriage. However, you can't be more wrong about this. Let's do the math to understand it better.



Life insurance policies with a return benefit provide an interest rate of 3 to 4%. Now, if you buy a child policy for 15 years for an annual premium of ₹24,000, then at the end of the tenure you will get ₹4 lakh.

Meanwhile, if you invest the same amount in an investment product that gives you a 7% return, then at the end of 15 years you will get a corpus of ₹6.5 lakh. It is important to understand that insurance and investments are two different things with two different objectives. Mixing them does not solve any purpose.

Adding to what Bilimoria said, Shweta Jain, certified financial planner, founder, Investography, and author, *My Conversations with Money*, expressed, in fact, it is the parents who should get a good life insurance coverage once the child is born so that in case anything were to happen to the parent, the child's goals are protected.

However, when it comes to health insurance, Jain pointed out, "Your child definitely needs to be included in your health insurance policy. Your child can fall sick and might need hospitalization." Even in the case of accidents, this is necessary. It is essential to ensure that all family members are covered adequately, Jain concludes.

(The writer is Sanchari Ghosh.)

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Source

Introduce 'Covid-19 insurance policy' to attract foreign tourists: Maharaj – The Times of India – 12th December 2020

With an aim to boost tourism, Uttarakhand tourism and culture minister Satpal Maharaj on Friday wrote a letter to Union tourism minister Prahlad Patel requesting him to introduce special life insurance policies for foreign tourists so that they can travel to India without fearing treatment expenses. In his letter to the Union minister, Satpal Maharaj said that as many as 10.9 billion foreign tourists visited India in 2019 but the tourism activities in the country have been greatly affected due to the pandemic. Therefore, it is currently becoming necessary to implement a "Covid-19 Insurance Policy" to bring tourism back on track in the country.

"The tourism influx, both domestic and foreign, has witnessed a major setback due to Covid-19 outbreak. There is an atmosphere of fear among domestic tourists and among those coming from abroad as well. In such a situation, it would be great if the government can provide protection to tourists in the form of life insurance policies. This will attract both domestic and foreign tourists," said Maharaj. In the letter, Maharaj added that the Kumbh Mela, scheduled in Uttarakhand in 2021, also attracts hundreds of foreign devotees. "Therefore, it is very important to get Covid-19 life insurance for the protection of the pilgrims who come here. This is not something far-fetched as countries like Singapore and others are already offering such insurance policies," he added.

(The writer is Ishita Mishra.)

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Source

GENERAL INSURANCE

Insurance: Now get a standard personal accident cover - Financial Express - 16th December 2020



From April next year, general and standalone health insurance companies will offer a standard personal accident cover. The standard product will have a basic mandatory cover, the minimum sum insured will be Rs 2.5 lakh and the maximum will be Rs 1 crore. The pricing will be decided by the insurance companies depending on the cover.

In April, non-life and standalone health insurance companies launched a standard health insurance policy known as Arogya Sanjeevani and the regulator has also initiated a standard term insurance plan.

Product features

The draft guidelines issued by Insurance Regulatory and Development Authority of India (Irdai) has said that the sum insured will increase by 5% for each claim-free policy year, provided the policy is renewed without a break subject to a maximum of 50% of the sum insured. If a claim is made in any particular year, the cumulative bonus accrued will be reduced at the same rate at which it has accrued. The minimum entry age will be 18 years and the maximum age will be at least 70 for the persons covered.

The death benefit will be equal to 100% of the sum insured and will be paid on death of the insured person due to an injury sustained in an accident during the policy period. For permanent total disablement, benefit will be 100% of the sum insured. The permanent total disablement would be total and irrecoverable loss of both eyes or physical separation or loss of use of both hands or feet or physical separation or loss of one hand and one foot or loss of sight of one eye and physical separation or loss of use of hand or foot. In case of permanent partial disablement, benefit paid will be up to 50% of the sum insured based on the nature of loss.

The premium can be paid on a yearly, half-yearly, quarterly or monthly basis. The policy will be distributed across all channels including micro insurance agents, point of sale persons and common public service centres. The insurer will specify the non-medical limit and relevant details in the format specified.

Optional covers

Insurers can offer optional covers along with the standard product. If the insured person sustains an injury in an accident during the policy period which completely incapacitates him from engaging in any employment or occupation which he was capable of performing at the time of the accident, then the compensation will be 1% of the base sum insured per week, till the time the insured person is able to return to work.

However, the compensation payable will not be more than 100 weeks in respect of any one injury calculated from the date of commencement of disablement and will not exceed the sum insured. During the course of payment under this benefit, the insurance company can call for a certification from an independent medical practitioner with regard to the continuity of temporary total disability. The decision of an independent medical practitioner would be binding on both the parties.

Hospitalisation expenses due to an accident will be indemnified up to the limit of 10% of base sum insured. The expenses will cover surgeon, anaesthetist, medical practitioner, consultants, specialist fees

whether paid directly to the treating doctor / surgeon or to the hospital. It will also cover anaesthesia, blood, oxygen, operation theatre charges, surgical appliances, medicines and drugs, costs towards diagnostics, diagnostic imaging modalities, and other similar expenses.

In case of death or permanent total disability of the insured person, an one-time educational grant of 10% of the base sum insured will be paid for a maximum of two dependent children of the insured, provided that the dependent child is pursuing an educational course as a full-time student in an educational institution and is not more than 25 years of age. Intimation about an accident that will give rise to a claim under this policy will have to be given to the insurer within 30 days.

Standard Policy

Policy will offer minimum sum insured of Rs 2.5 lakh and maximum of Rs 1 crore Sum insured will increase by 5% for each claim-free policy year, provided the policy is renewed without a break subject to maximum of 50% of the sum insured Death benefit will be equal to 100% of sum insured Hospitalisation expenses due to an accident will be indemnified up to the limit of 10% of base sum insured.

(The writer is Saikat Neogi.)



[TOP](#)

How is the home insurance premium determined? – Financial Express - 15th December 2020



A home insurance policy protects your home and takes care of financial losses, in case of any calamities. A comprehensive home insurance policy protects in case of both natural as well as man-made damages, and safeguards the policyholder's home against multiple calamities. With the financial help provided by insurers, policyholders can also rebuild their homes in case of an accident.

Having said that, industry experts say there is a lack of awareness about home insurance in the country, which often leads to misconceptions, leading to people not taking the right insurance cover for safeguarding their home.

While it is imperative to check what all events are covered under the policy, choosing the right sum insurance is equally important.

Experts say the sum insured can be arrived at by multiplying the cost of construction with the area in square feet and with suitable escalation. Rakesh Jain, CEO, Reliance General Insurance, says, "In case of home insurance, the sum insured and the premium are calculated on the basis of property area, rate of construction (per square feet), and the location of the property. The insured sum of two houses of the same size can be different. It is important to calculate the right coverage amount for your house's structure so that you don't end up being over-insured or underinsured."

For instance, if the cost of construction is Rs 1700 per sq. ft, and the area is 1400 sq. ft, the sum insured for the building structure will be around Rs 23,80,000. For an independent house, compound walls, fences, sheds, paving, and landscaping should also be included with separate values for each.

Experts say the amount insured should be the cost of building reconstruction for an independent house, whereas it can be agreed value for apartment/flats. Subramanyam Brahmajosyula, Head -Underwriting and Reinsurance, SBI General Insurance, says, "Please keep in mind, reconstruction value is not the same as the market value of the house which might be higher or lower of the loan/actual value. Reconstruction

value is the cost incurred to rebuild the house if it is damaged. It is based on the cost of construction prevailing at the time of loss.”

Here are some factors that determine the home insurance premium;

Coverage – The type of plan you choose along with the amount of sum insured affects your premium.

Cost of Construction – Your home insurance premium depends on the cost of construction of your property, higher the cost, higher the insurance premium, and vice versa.

Tenure – The duration of your home insurance policy also affects the premium. A long-term policy is highly recommended as it costs lower in the long run.

Jain, of Reliance General Insurance, says, “Also, note that the property is insured for the value that it would require to rebuild it and not for its market value. Whereas, the contents in the house are insured for ‘market value minus the depreciation’.”

(The writer is Priyadarshini Maji.)

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Despite five-fold increase, India's deposit insurance cover among lowest globally - The Hindu Business Line - 14th December 2020



The Budget 2020-21 had brought some respite to depositors by increasing the deposit insurance cover to ₹5 lakh (effective February 4) from ₹1 lakh earlier. Yet the latest annual survey by the International Association of Deposit Insurers (IADI) reveals that India ranks in the bottom 20 among the 110-odd countries in terms of insurance cover. The coverage limits range from below \$1,000 to \$300,000; India's ₹5-lakh cover works out to about \$7,000, according to the IADI Survey (around \$6,800 as per current exchange rate). Countries such as Philippines (\$9,875), Mexico (\$1,35,222), Argentina (\$25,130) Russian Federation (\$22,615), Turkey (\$25,253), Malaysia

(\$61,080) and Brazil (\$62,033) rank way higher than India, according to the latest IADI Survey.

The majority of the 110 deposit insurance systems (DIS) across the world are legislated and administered by the public sector, although around one quarter are privately administered, says the survey.

IADI has been monitoring the global Covid situation and its impact on deposit insurers. According to it, unlike the financial crisis of 2008, most deposit insurers have not opted to increase deposit insurance coverage.

The survey notes that the average level of coverage was around \$70,000 per depositor per institution across the globe. The regions with the highest average coverage levels are Europe and North America (\$110,000). India's cover, at an abysmal \$1,446 before the increase in the Budget in February this year, jumped to around \$7,000 levels. But this still remains among the lowest globally.

Delays in reimbursements

Aside from a relatively low cover, reimbursements also appear to take longer in India. According to the IADI Survey, deposit insurers across the globe are devoting more resources to improving their performance on reimbursing insured deposits, and this has resulted in reductions in reimbursement

periods. The average number of days to begin depositor reimbursement has been reduced to seven in 60 per cent of jurisdictions, up from 33 percent in 2013. The reimbursement periods begin from the date of the closure of the bank.

In India, according to the 2019-20 annual report of Deposit Insurance and Credit Guarantee Corporation of India (DICGC), the average number of days between de-registration of a bank and claim settlement (first claims) was about 508 days during the fiscal.

There are essentially four mandates followed across jurisdictions. Paybox – the deposit insurer is only responsible for the reimbursement of insured deposits; Paybox-plus – insurer has additional responsibilities, such as certain resolution functions (financial support); loss minimiser – where insurer actively engages in a selection from a range of least-cost resolution strategies; and risk minimiser – insurer has comprehensive risk minimisation functions, including a full suite of early intervention and resolution powers.

Around 25 per cent of deposit insurers are assigned a ‘pay box’ mandate, according to IADI, while 40 per cent of systems followed a ‘play box-plus’ mandate. India follows a paybox mandate, while Argentina and Brazil follow pay-box plus mandate. Brazil and Malaysia have a wider risk minimiser mandate.

(The writer is Radhika Merwin.)

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Source

Coming soon, a standard personal accident insurance policy: Should you buy it? - Moneycontrol - 14th December 2020



After facilitating uniform health, COVID-19 and term policies, the Insurance Regulatory and Development Authority of India (IRDAI) has now proposed a standard personal accident policy.

Once the draft guidelines are finalised, all general and standalone health insurers will have to compulsorily offer this product from April 1, 2021.

The workings

Like any other personal accident or accidental death covers already being offered by non-life insurers, this standard, benefit-based product will hand out the full sum-assured in case the policyholder dies due to an accident. As the name

suggests, the claim will be paid only if the death occurs due to accidents and not natural causes. The policy wordings define accidents as “sudden, unforeseen and involuntary events caused by external, visible and violent means.”

More importantly, however, a personal accident policy also compensates for any loss of income due to permanent total or partial disabilities caused by accidents. The standard personal accident product, which will come with a tenure of one year, will cover death and permanent partial or total disability under the base cover.

The entire sum-assured will be paid out in case of total and irrecoverable loss of both eyes, complete loss of hands and feet, besides loss of eyesight. In case of permanent partial disablement, on the other hand, part sum-assured will be paid, as per pre-defined sub-limits. For example, loss of use of one entire hand or foot or eye will entitle the policyholder to 50 percent of the sum-insured. If there is a loss of all toes, 20 percent of the sum-insured will be paid out.

The minimum sum insured under the proposed policy is Rs 2.5 lakh, while the maximum is Rs 1 crore. However, the insurance regulator has said that insurers can offer larger covers on their own. The premiums will be determined by insurers.

Optional add-on benefits

Temporary total disablement is covered under its optional cover – that is, add-on that you can buy after paying an extra premium. Under this cover, you will be entitled to compensation at the rate of one percent of the sum insured

per week till you return to work or up to 100 weeks, whichever is earlier. Likewise, hospitalisation expenses, too, will be covered to the extent of actual expenses incurred by you, if you buy an optional add-on cover. However, these will be capped at 10 percent of the sum-insured. The third optional cover on offer is termed education grant. In the case of death or permanent disablement of the policyholder, the insurer will pay a one-time educational grant of 10 percent of the base sum insured for up to two dependent children, not older than 25 years. This payment will be made only if the child is pursuing a course as a full-time student in an educational institution.

Money control's Take

While a personal accident policy is a fairly simple product when it comes to settling death claims, this is not the case as far as compensation for disabilities is concerned. Most features proposed in the standard personal accident policy are already being offered by non-life insurers with some variations. Laypersons are likely to find it difficult to grasp the intricacies of pay-outs under permanent total and partial disabilities, which could lead to heartburn at the time of claim settlement. The compensation caps on the type and extent of disablement, too, can be a source of disputes. For example, suppose a policyholder has not read the nitty-gritties in detail. She is not aware that in the case of loss of toes, the compensation paid will be 20 percent and not the entire sum assured. In such a case, she is bound to feel short-changed.

While these limitations are part of the standard cover as well, the fact that it has been devised by the regulator will offer comfort to policyholders. The probability of policyholders feeling short-changed by the insurer would be lower as they would know that the clauses are uniform across companies.

A personal accident policy is a must-have in your portfolio. Youngsters tend to put off life and health insurance purchases if they have no dependents or believe they are in perfect health, but the risk of accidents cannot be wished away. They will come in handy even if you have both life and health covers, as they offer compensation for income loss in case of disablement.

(The writer is Preeti Kulkarni.)

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Non-life insurers get Covid-19 claims worth Rs 10,000 crore as of Dec 11 - Business Standard - 12th December 2020

The number of Covid-19 claims received by non-life insurers has surpassed the 660,000 mark, amounting to Rs 9,989.89 crore as of December 11, 2020. The general insurers and standalone health insurers have settled more than 76.5 per cent of the claims that have been intimated.



According to the data compiled by General Insurance Council, which is not publicly available, the insurers have settled 508,334 claims amounting to over Rs 4,800 crore. At the end of July, only 81,000 Covid-19 claims were filed with insurers.

That number doubled in a month's time. By August-end, insurers had as many as 160,000 reported Covid-19 claims. By October-end, the reported Covid claims had breached 475,000. And, by mid-November, the number of Covid-19 claims had surpassed 576,000.

Industry experts are of the opinion that the rate of growth of claims is not as alarming as it was earlier, and has started tapering off since October. The average claim amount has also come down significantly since the initial months of the pandemic, with an insurers receiving an average Covid-19 claim of Rs 1.5 lakh, while the average claim settled by the insurers is Rs 94,556.

STATE-WISE COVID CLAIM FIGURES				
	Reported claims	Reported claim amount (₹cr)	Claims settled	Settled claim amount (₹ cr)
Maharashtra	246,574	2,955.11	181,741	1,459.47
Gujarat	68,002	1,034.73	53,354	472.11
Tamil Nadu	60,262	1,077.92	48,047	483.87
Karnataka	58,266	912.34	45,810	427.87
Delhi	39,407	742.62	32,318	406.31
Telangana	34,028	770.75	26,738	342.5

Source: General Insurance Council

The insurers are engaged in a dialogue with the hospitals on the issue of the amount charged for Covid-19 treatment, however, there is no consensus as of now.

(The writer is Subrata Panda.)



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HEALTH INSURANCE

Health sector wants higher outlay, universal insurance in upcoming Budget - Business Standard - 18th December 2020



The health sector representatives have called for higher health expenditure in the upcoming Budget 2021-22 to provide for universal insurance, upskilling of doctors and nurses, research activities and strengthening of overall health infrastructure in their meeting with finance minister Nirmala Sitharaman.

The Finance Minister on Thursday held the sixth pre-budget consultations with the stakeholders of the social sector including the health sector.

“The government is very receptive. We believe that the pandemic is not over yet and this is not going to be the last pandemic. We need to be prepared,” Naresh Trehan, chairman of Medanta and CII Healthcare Council said.

Trehan said that the government needs to create provisions for improving healthcare access at the grassroots level and create an early warning system. “We have requested the finance ministry to raise the allocation for health in the budget and provide sector specific benefits to healthcare on the same lines as telecom or MSMEs.”

He also said that interactions between the medical technology companies and healthcare providers should be leveraged by the government in promoting the Atmanirbhar Bharat programme.

Earlier, the Fifteenth Finance Commission, chairman, N K Singh, had said the combined public spending by both the Centre and the states on health should go up to 2.5 per cent of the gross domestic product by 2024 as against 0.9 per cent currently.

According to government officials, the health outlay will have to rise significantly not just in respect of the vaccine expense but also for creation of supporting infrastructure and distribution channels.

In the first half of FY21, about 58 per cent of the Rs 67,111 crore allocated to the ministry of health and family welfare for the fiscal has been utilised. Within that, the department of health research has already exceeded Budget allocation of Rs 2,100 crore by 7 per cent. As of September, the department had utilised Rs 2,248 crore. The department had utilised only 52 per cent of the Budget allocation by this time last year.

As part of the third stimulus package announced earlier this month, Sitharaman had allocated Rs 900 crore for research and development towards Covid-19 vaccine. This was besides the cost of vaccine and logistics for its distribution. “Whatever is required for that (the vaccine cost and distribution logistics), as and when it is required, will be provided,” Sitharaman had said.

(The writer is Ruchika Chitravanshi.)

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Maharashtra: Covid-19 included in health insurance for government employees - The Times of India - 17th December 2020

Covid-19 has been included in the list of diseases covered under the Maharashtra government's health insurance for its employees. The announcement was made by health minister Rajesh Tope on Thursday. "The state today decided to provide medical cover for its employees if they catch Covid-19," he said. Immediate relatives of government employee also benefit by the scheme. "The state government in 2005 had listed 27 types of diseases including the ones related to heart and lungs (which the scheme covers). However, now it has decided to include Covid-19 (specifically) which primarily affects the lungs," Tope said. The decision was taken to bring clarity as to whether Covid-19 is covered or not, he said. The decision will be applicable retrospectively from September 2 this year, as the state had permitted more employees to report back to work from September onwards, he said.

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Manufacturers roll out programmes to prevent stress among shop-floor workers - The Economic Times - 16th December 2020

Rising uncertainty in the job market, anxiety of catching Covid-19 infection, and a fear of being socially ostracised are causing significant mental and emotional stress among blue collar workers, prompting manufacturing companies to introduce a bunch of measures to take care of their wellbeing. From signing up mental health counsellors and ensuring regular connect with leadership teams to rolling out Covid-19

insurance coverage, introducing special leaves, and organising a host of activities such as yoga, meditation, coffee connect sessions, and games, the country's leading manufacturers including the likes of Hindustan Unilever, Tata Steel, Tata Motors, Vedanta, Hyundai Motors and Hero MotoCorp are taking several initiatives to deal with the psychological impact of the pandemic on the shop floor personnel. Hindustan Unilever, the country's largest consumer goods maker, has extended Covid-19 insurance coverage to all its employees across factories and distribution centres.

(The writers are Rica Bhattacharyya and Lijee Philip.)

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Consumers gravitating towards higher sum insured in health policies – Business Standard - 16th December 2020

Covid-19 has not only ensured heightened awareness on the need for health insurance among consumers who were earlier averse to the idea of buying covers, but it has also resulted in people opting for higher sum insured in health insurance products. Earlier, the median sum insured that people were opting for while buying insurance was Rs 5 lakh. But, since the pandemic, increasingly, consumers have moved towards a sum insured in the range of Rs 25-50 lakh. "We are seeing a trend wherein people are now opting for a sum insured of more than 20 lakh. The reason behind such an increase is the sensitivity of people because of the covid experience. Hence, they want to play safe," said Gurdeep Singh Batra, Head-Retail Underwriting, Bajaj Allianz General Insurance. "For higher sum insured policies, the premium rates are quite competitive now. That is why people are now opting for higher sum insured", he added.

Experts are of the opinion, due to covid, the spending on the medical expenses has become fairly high. Hence, people are realising that they must have a decent sum insured. It is this middle range (Rs 20-50 lakh) where the maximum traction is being seen. However, people should move to Rs 1 crore sum insured option because the added price that one has to pay to get a sum insured of Rs 1 crore is not huge, they believe. Amit Chhabra, Head-Health Insurance, Policybazaar.com said, "Another factor contributing to this trend is, the high sum insured plans have become more affordable than it used to be. Furthermore, the various options that has come up with regard to paying premiums (EMIs), has helped in making high sum insured plans more affordable", he added.

According to data compiled by Policybazaar.com, the age group of 30-40 holds the highest share in buying the high sum insured policies i.e. 52 percent. Of this, only 13 percent have pre-existing diseases while 87 percent do not have any pre-existing diseases. The adoption of higher sum insured is much more among the younger age group because as one ages, the plans become more expensive. Also, out of the total high sum insured policies sold on their website, around 47 percent is of policies with a sum insured in the range of Rs 25-50 lakh while policies with a sum insured of Rs 1 crore constitute 53 percent. "Takers of insurance below the age of 45 has gone up so naturally this trend of opting for higher sum insured is being seen in the age group of 25-45. There is also demand for further high sum insured in the range of Rs 50 lakh – 1 crore", Batra said.

Importantly, people in the national capital and its adjoining areas (Delhi NCR) are buying higher sum insured policies than any other metro city, data revealed. The share of high sum insured plans bought by consumers in Delhi NCR stand at 47.2 percent, while in Karnataka and Telangana regions it is 22 percent and 26 percent respectively followed by 18.2 percent in Maharashtra. A few months ago, the regulator also removed the cap on sum insured that insurers can offer for Arogya Sanjeevani health policies. Initially, the regulator had capped the sum insured at Rs 5 lakh but after a few months of launching, it allowed insurers to offer higher sum insured under the product.

(The writer is Subrata Panda.)

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Budget 2021: Time for affordable health cover framework for middle class, says Dr Devi Shetty – Financial Express – 16th December 2020

Union Budget 2021 Expectations for Health Sector: Dr Devi Shetty feels what people need is not a broad spectrum health cover but niche and innovative offerings that involve nominal premium but operate at scale and are focused on population segment and the nature of medical expense to be addressed.

Union Budget 2021-22 Expectations: Health has arguably taken centre stage and the role of government specially in protecting the health of those without wealth is inescapable. Today, in the light of the pandemic there are reasons to expect Budget 2021 to devote substantial space to measures that the government intends to take to provide the resources and to create the ecosystem that can help us cope better with future challenges. Financial Express Online spoke to Dr Devi Prasad Shetty, a leading cardiac surgeon and chairman, Narayana Health, who has also played a role in designing some of the health programmes.

Dr Shetty feels the one big challenge that needs to be addressed is the costs of hospitalization of a large number of people from the working class or what some call the lower middle class and middle class.

While the insurance sector regulator – The Insurance Regulatory Development Authority (IRDA) has looked at micro-insurance, there is an apparent need to look at ways to get insurance to many more people who are moderate to low premium payers.

“Look around and you will find there is a large lower-middle class, and middle-class population with monthly incomes in the region of Rs 30,000 to Rs 70,000. While, this may seem a lot of money but with one or two children and old parents, who if they need an ICU (intensive care unit) care for even for a day, they may not be in a position to afford it,” says Dr Shetty. Therefore, he feels, “it is time for the government to open up the health insurance sector for all kinds of niche and ailment-focussed schemes that are innovative and yet do not result in a burden on the patient and his family.”

Beyond Ayushman Bharat

He says, “while the government has done a phenomenal job in offering health insurance for the poor with Ayushman Bharat, it is time to look at what can be done for the large working population of the country.” What, he feels, is to come up with an institutional framework to roll out micro-insurance. The goal is to provide innovative health cover that neither adds to the government expenses nor results in a huge financial burden for the people needing access to hospitalization and pay for the costs involved.”

What Dr Shetty is saying may resonate with those who have looked at microfinance – collect small amounts of money (premiums in case of insurance) from a large number of people. All of it will require a different institutional mindset and regulation. What he is suggesting goes beyond what is currently looked at which is broadly around some form of focused underwriting for certain segments of population. For instance, an insurance company has to underwrite a specified number of underprivileged sections, which just ends up with entities meeting the targets but not changed mindset on product delivery and refining its scope.

“We need to open up the health insurance much like the way the financial sector in the country – which in the last 30 to 40 years has seen various models emerge from Self Help Groups, chit funds to non-banking finance companies (NBFCs) and even small finance banks today (though, many of them like the SHGs are linked to a strong banking network). All of this was driven by the need to reach those who could not access traditional banking.”

Ask him to explain with an example and he refers to the Yeshasvini scheme that he helped design in Karnataka along with the state government. Targetted at farmers, it has been around for about 18 years now and has helped make a difference. “The farmers pay only Rs 5 per month and the government acts as his re-insurer. Result: 1.4 million farmers pay Rs 5 per month and have access to a network of 600

hospitals covering all surgeries and so far over 1.5 million or over 10 lakh farmers have undertaken varieties of surgeries based on the ailment and these included 1.5 lakh undergoing a heart operation.”

Dr Devi Shetty feels what people need is not a broad spectrum health cover but niche and innovative offerings that involve nominal premium but operate at scale and are focused on population segment and the nature of medical expense to be addressed. “Like farmers paying Rs 5 per month, people could be asked to pay Rs 10 or thereabout while making their electricity bill payments with the amount deducted linked to the amount of electricity consumed by each household and with the government as a re-insurer.”

The government, he feels, needs to come up with such schemes to provide cover to working-class people for a specific purpose – could be cancer care, critical care services, outpatient services or any kind of surgery. In these services, entrepreneurs could take up the role of financial intermediaries.

This, he says, is needed all the more today because this is sadly not the last pandemic that we are going to see. But it could have a ripple effect, according to him. He explains: “Once there’s an ecosystem of such niche financial intermediation then hospitals will start mushrooming across the country, with a net increase in critical care beds that comes with it. With these, the consumption of materials for hospitals will see an increase and with the rise in volumes sought, the costs – on a range of items from drugs, to disposables to medical equipment – will start coming down.”

Also, he says, with a greater concentration of providers, most ailments will get diagnosed early and, therefore, whenever the next pandemic strikes, all would be better prepared.

He also sees the need to look at the way the ESI (Employees’ State Insurance) scheme and its corpus is leveraged. “Unlike all the other government schemes, it is not free. People pay a premium here and ESI is today sitting with a huge corpus of funds – perhaps around Rs 70,000 crore. With such a corpus, none of its members should be suffering. Those paying the premium should be given the freedom to get themselves treated wherever they want,” he says. Finally, in the context of the vaccines, he says, the government allowing CSR money to be used for spending on vaccination is a welcome development.

(The writer is E Kumar Sharma.)

[TOP](#)



Source

Choose a high-value health insurance policy for wide coverage amid Covid-19 – Business Standard – 16th December 2020

Owing to the pandemic, there is a newfound urgency among buyers to purchase adequate health insurance. Not only are financial advisors recommending higher covers, buyers themselves are prepared to go beyond the Rs 5 lakh cover that was the norm earlier.

High sum insured plans range from Rs 25 lakh and Rs 1 crore. Over the past two months, web aggregator Policybazaar saw 35 percent of first-time buyers go for high sum insured policies, compared to less than 2 percent a year earlier. The pandemic has clearly led to a drastic change in attitudes. Amjad Khan, director and business head of employee benefits practice at Anand Rathi Insurance Broking, says: “Those in the age group of 35-45, who have both young children and ageing parents within the family, are especially keen to buy high-value policies.”

These policies offer a number of advantages. Naval Goel, chief executive officer (CEO) of PolicyX.com, says, “They offer wider coverage compared to low-value plans.” Apart from hospitalisation costs, these policies also cover maternity, baby care, post-treatment, out-patient department (OPD), and day-care procedures. They also pay for organ donation and alternative treatments, and cover many critical care illnesses. They also come without sub-limits on room rent. Goel adds that claiming reimbursement is also easier if you have a high-value policy. Some of these plans will weigh on your pocket. The increase in premium could also be large as you grow older. A waiting period will apply even in these policies. Also, be

prepared to undergo a pre-entrance health check-up. Goel says, “All health policies are issued only after strict underwriting (like medical screening). But when it comes to high-value health policies, the underwriting norms are even more stringent.” Senior citizens buying them should even be prepared for co-payment of about 20 percent. Useful for treatment abroad: High medical inflation is certain to drive treatment costs higher in the future, so one should buy as much health insurance as one can afford. Medical treatment is extremely expensive abroad. Khan says, “These covers are especially advantageous for those who may want to go abroad for treatment.”

Given the strict underwriting involved, anyone planning to buy a high-value policy should get it at the earliest. Mumbai-based certified financial planner (CFP) Kiran Telang says, “You could get a lifestyle disease after a certain age. Insurers could then refuse to cover you.” Premium rates can vary widely from one company to another. “Pricing depends on the plan’s features, insurer’s reputation, underwriting process, claim ratio, and so on.” Instead of only comparing prices, compare policies from various insurers on these parameters as well before deciding which one to go for. Super top-ups are an alternative: How much health insurance you buy should be determined by several factors like rising medical cost, age, your city, medical history, family’s medical history, etc. Harshad Chetanwala, co-founder of MyWealthGrowth, says, “On an average you need a family floater of at least Rs 25 lakh.” Those who already have a personal cover need not go for a high-value cover. Telang says, “Super top-up plans are a great way to increase the cover while keeping cost in check.” A Rs 5 lakh cover will no longer suffice. Buy at least a Rs 25-50 lakh policy if your pocket allows. If you can’t, get a base policy of Rs 10 lakh and then augment it with a super top-up.

PREMIA CAN VARY CONSIDERABLY FOR A ₹1 CR POLICY

Insurer	Plan	Annual Premium (₹)	
		Sum insured ₹50 lakh	₹1 crore
Star Health	Young Star Silver	13,482	16,898
Aditya Birla Capital	Active Health Platina Enhance	22,548	26,239
SBI General	Arogya Plus	23,660	27,560
Manipal Cigna	Manipal Cigna pro-health Premier Policy	14,184	36,609
Max Bupa Health	Health Premia	17,472	92,818

Premium rates are for a 30-year-old male Source: PolicyX.com

(The writer is Bindisha Sarang.)

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Govt plans Covid-19 cover to woo foreign tourists – The Times of India – 16th December 2020



With an eye on restarting international tourism in 2021, the government is all set to rollout insurance policies for foreign tourists visiting India — covers that will include treatment for Covid-19. The plan, in the final stages of being firmed up, will see the tourism ministry facilitate tie-ups between Indian and international insurance companies.

They will also work out mechanisms to get Indian hospitals empanelled with international insurance companies so that inbound tourists can use their insurance covers for obtaining treatment in India.

The government is also looking to offer attractively-priced insurance policies to foreign tourists, aside from focusing on giving a leg up to India's medical tourism market.

The plans to leverage India as a preferred destination for medical tourism cutting across the streams of allopathy, ayurveda, naturopathy and yoga was discussed at a meeting of the National Medical and Wellness Tourism Board on Monday, where Union Culture and tourism minister Prahlad Patel said more Indian hospitals should seek accreditation by the Joint Commission International (JCI), which is considered the global gold standard for hospitals in patient safety and service quality. The government is also in talks with the ministries of home and external affairs, respectively, to issue medical visas to applicants in as little as 24 hours.

(The writer is Swati Mathur.)

[TOP](#)



Having trouble with your health insurance? Find all your COVID-19 health insurance queries answered - Financial Express - 14th December 2020

To avoid getting your lifetime or retirement savings completely diluted due to a Covid hospitalization, it is critical that the first and foremost financial security and investment that you should do is to buy health insurance or increase your insurance coverage right away.

The COVID-19 pandemic is currently on top of everyone's mind. Until now, the global pandemic has infected millions of people across the globe and increasing in numbers every hour. In India, the total number of cases reported has crossed 20 per cent of the global tally. These difficult times pose a great challenge to the public health-care system and the government, with both trying beyond their capacity and fiscal limitations to address this unique situation.

During these times, insurers are being flooded with queries from anxious customers trying to know the coverage offered, the waiting period, if any, the cost implications, and the claim process.

Here are some of the common health insurance questions related to COVID-19, faced by most customers;

Is it essential to opt for a COVID health policy?

Given that there is still no clarity on the shape of recovery or recurrence for the pandemic and the vaccine is still many months away, to avoid getting your lifetime or retirement savings completely diluted due to a Covid hospitalization, it is absolutely critical that the first and foremost financial security and investment that you should do is to buy Health insurance or increase your insurance coverage right away.

Is Quarantine covered in the Policy?

The COVID-19 treatment has led to the creation of a special situation consisting of quarantine at a government-approved facility that is not a hospital or even isolation in your own home. Even if the policyholder is isolated at a government-approved facility on being tested positive, the expenses, including pre and post-hospitalization, will be compensated, as it will be considered equivalent to hospitalization, as per the terms and conditions of the Health Insurance Product. Quarantine only for isolation without any treatment, is not covered.

What is the average waiting period of a COVID policy?

Every health insurance policy comes with a clause of the waiting period of 30 days for regular hospitalization and 2 to 4 years for pre-existing diseases. Considering the Covid related difficulties being faced by the general public and as per the regulator's guidelines, a few insurers have reduced the initial waiting period from 30 to 15 days for the policyholders for COVID-19 related inpatient hospitalization claims.

Any COVID-19 specific policies that provide coverage from day one?

As per the advisory of IRDAI, several insurers are offering COVID-specific fixed-benefit plans such as Corona Rakshak/Kavach. These are disease-specific plans that provide a lump-sum amount on a positive

diagnosis and hospitalization due to COVID-19 infection. However, it is advisable to purchase these plans along with the regular indemnity-based health plans that offer comprehensive coverage against all ailments up to the total sum insured.

What is the extent of coverage offered?

The coverage for COVID-19 infection is similar to that of any other ailment. To avail of treatment through your medical insurance, hospitalization for at least 24 hours is required. All your expenses will be covered for treatment, during your hospitalization. Besides this, pre and post hospitalization expenses will also be covered that include the test for COVID-19, regular blood tests, x-ray, and ambulance expenses. It is necessary to keep in mind, that pre and post-hospitalization expenses cover only up to 30 days before and after hospitalization.

What is Home Treatment Benefit?

Considering the safety and wellbeing of customers and the shortage of beds at the hospital, a few insurers are offering a Home Treatment facility to policyholders as per the ICMR Guidelines. This Home treatment facility would be provided on a cashless basis through Network Providers and Empanelled Service Providers.

(The writer is Anuradha Sriram.)

[TOP](#)



Centre approves health data management policy of NDHM – Live Mint – 14th December 2020



Centre on Monday approved the health data management policy of the National Digital Health Mission (NDHM) that sets out the minimum standard for data privacy protection that should be followed across the board in order to ensure compliance with relevant and applicable laws, rules and regulations.

The policy that was approved by Union Health Minister Harsh Vardhan acts as a guidance document across the National Digital Health Ecosystem (NDHE). The government said that this policy is to be read along with, and not in

contradiction to, any applicable law, or any instrument having the effect of any law together with the Blueprint, the information security policy, the data retention and archival policy and any other policy which may be issued for the implementation of the NDHM.

“This policy is not to be interpreted or construed as giving any entity or individual rights which are greater than those that such entity or individual would be entitled to under applicable laws,” the government said in a statement.

The draft of the policy was placed on the website by National Health Authority (NHA) from 20th August to 21st September to seek feedback and suggestions from citizens and stakeholders soon after the launch of NDHM by the Prime Minister. After extensive stakeholder consultations and feedback, the policy was given further shape by incorporating the inputs from the public.

“After over a month of soliciting feedback from various stakeholders and the general public, we received 910 comments and suggestions via 6,983 emails and through the website. Many of these inputs and suggestions were found to be quite pertinent and deserving more attention,” Dr Indu Bhushan, CEO, National Health Authority. NHA is the apex government agency responsible for the design, roll-out,

implementation and management of Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (AB PM-JAY) and the National Digital Health Mission across the country.

"We have incorporated them to revise the draft policy and sent it to the Union Ministry of Health and Family Welfare for final review and approval. We are happy that the policy has been approved by the Hon'ble Health Minister and we can now start the field preparations for the roll-out of NDHM across India," he said.

Data collected across the National Digital Health Ecosystem (NDHE) will be stored in at the central level, the state or Union Territory level and at the health facility level, by adopting the principle of minimality at each point, according to the document. The provisions of this policy shall apply to the entities involved in the NDHM and those who are a part of the NDHE, that includes all entities and individuals who have been issued an ID under this policy, healthcare professionals, governing bodies of the health ministry, the NHA, relevant professional bodies and regulators.

It would also apply to any healthcare provider who collects, stores and transmits health data in electronic form, insurers, charitable institutions, pharmaceuticals and all individuals, teams, entities who collect or process personal or sensitive data of any individual as part of the NDHE. The NHA had said that the NDHM will significantly improve the efficiency, effectiveness, and transparency of health services in India.

(The writer is Neetu Chandra Sharma.)

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More older, men seek private healthcare under PM-JAY - The Hindu - 14th December 2020

Patients seeking care at private hospitals tend to be older and a larger share consist of males when compared to those seeking medical care at public hospitals as per data release by the National Health Agency (NHA). In its briefing on "The role of Private Hospitals" published recently, the Agency says private hospitals account for over half of the empanelled hospitals, nearly two-thirds of claim volumes, and three-quarters of claim outlays in the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (PM-JAY). This, when private hospitals are making a smaller contribution in terms of extending the geographic reach of PM-JAY to underserved areas. The top PM-JAY packages by value — including knee replacement, cataracts, haemodialysis and cardiovascular surgeries — are overwhelmingly provided by private hospitals.

(The writer is Bindu Shajan Perappadan.)

[TOP](#)



To provide health and life cover, insurers offer 'unique' facilities for medical tests - The Hindu Business Line - 14th December 2020

Insurers are coming up with unique solutions for customers who wish to purchase high-ticket health and life insurance policies but are worried about getting medical tests amid the ongoing Covid-19 pandemic. "People want to buy insurance policies with higher sum insured, given the uncertainties of the pandemic and high medical costs, but often the need for medical tests proves to be a dampener," said an insurance executive who did not wish to be named. Telephonic and video underwriting and home visits are proving to be the top choice for insurers in this scenario. "We are focussing on home visits and tele and video medical examination and underwriting," said Nikhil Apte, Chief Product Officer, Royal Sundaram General Insurance, adding that customers are referred to test centres only if they require a treadmill test, depending on their sum insured, and also to use facilities such as 2D echo and ECGs.

Video medical underwriting is conducted by a doctor, who can consult with the proposer through a video call. This allows them to get a good understanding of the patient's health condition. The average sum

insured for medical policies at the insurer was less than ₹5 lakh, which has now increased to over ₹5 lakh. Customers are also buying plans with sum insured of ₹15 lakh to ₹20 lakh, said Apte. Royal Sundaram General Insurance has also relaxed its requirement for medical underwriting to some extent. Medical underwriting was earlier required for potential customers who had a major health issue, were older than 46 years, or their sum insured was more than ₹10 lakh. “We have relaxed this now, so that up to ₹10 lakh and 50 years of age no medical underwriting is required, unless the proposer has a major ailment. This has reduced the number of tests,” Apte explained, adding that they rely heavily on tele underwriting. They have also done about 800 video medical examination and underwriting in the last four months. Similarly, life insurers, too, have introduced new facilities for health tests for high value term insurance policies. These tests are typically needed for policies over ₹1 crore. V Viswanand, Deputy Managing Director, Max Life Insurance, said the insurer does about two-thirds of medical tests conducted at home. “We send a paramedic and a doctor to do medicals at home,” he said. As part of customer education, the insurer has also uploaded videos on medicals tests and the precautions taken. “There are the most watched video on our website,” he said, adding that the insurer has done over 1 lakh medical tests by early October, and it was nearly the double of the number of medical tests last year.

(The writer is Surabhi.)

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Source

Covid patients losing cashless benefits due to insurance companies, say hospitals – The Times of India – 14th December 2020

Many Covid-19 patients had to spend hours more in hospital, even after getting discharge, just because their cashless claims were not settled by insurance companies. Many had to pay substantial amount to the hospital after the insurance company rejected a major part of the claim citing various technical reasons. Though patients blame treating hospitals in such cases, city hospitals released a statement on Sunday blaming insurance companies for this mess.

Vidarbha Hospitals Association (VHA) has written to divisional commissioner Sanjeev Kumar that insurance companies are creating unnecessary hurdles in releasing cashless benefits for Covid patients.

“Health insurance companies are trying to extract their pound of flesh by arbitrarily decreeing that patient should have been treated in general ward or at home on OPD basis. This creates unwanted acrimony with relatives at time of discharge,” reads the statement by VHA president Dr Ashok Arbat, secretary Dr Alok Umre and convener Dr Anup Marar.

Hospitals have claimed that they had started cashless benefits after an assurance by divisional commissioner in a confidence building meeting held during peak of Covid-19. So, they have complained to the divisional commissioner and requested him to direct insurance companies in this regard.

“Private hospitals are already charging patients capped prices as per government directives. Even this less amount on credit basis is causing financial strain on us. Additionally, the fleecing by health insurance companies is adding salt on our wounds,” said Dr Anup Marar.

“Ethical discretion of placing incoming Covid patients at home or in general bed or in the ICU lies with the doctors only. Hence, neither hospital administration nor health insurance companies have the right to opine on placement of patients and their treatment,” said Dr Umre.

Dr Ashok Arbat said, “Private hospitals had initially avoided provision of cashless benefit to avoid just such unwanted confrontation related to billing at the time of discharge. In a meeting with divisional commissioner, we were told insurance companies will provide immediate sanction and will clear bills on priority. Respecting his words, we commenced admission of health insurance patients with provision of cashless benefit.”

While the divisional commissioner's office is yet to reply, a senior official from a leading health insurance company said the companies have their own mechanism of settling claims and they cannot be directed to settle claims bypassing their process. "All companies and TPAs follow IRDA rulings. Covid-19 claims are complicated as compared to non-Covid illnesses. Hence, patients need to pay some amount," he said.

(The writer is Chaitanya Deshpande.)

Source

[TOP](#)

Why your health plan premium is suddenly spiking – Live Mint - 14th December 2020



At a time when having a health insurance plan should have been a reason for comfort, Ram Manohar Reddy (48), an investment professional based out of Hyderabad, was in for a shock instead. Earlier this year, his insurer sent him a renewal notice for his health insurance policy. The premium hike was an eye-popping 200 percent—up from ₹21,762 to ₹66,667. The insurer had discontinued the old policy and introduced a new product in its place with a few improved benefits. "I couldn't immediately identify the benefits, but whatever it was, the premium was steep," Reddy said. He had bought individual health insurance plans for himself and his parents back in 2002 (father is now 75-years-old and the mother is

66-years-old). The sum insured totaled ₹7 lakh. Having been a customer for nearly 17 years, Reddy decided to bite the bullet and renew the policy. "My parents are senior citizens and porting out at that age is difficult. I did approach the regulator who directed me to the insurer's grievance cell. The insurer got back saying the rates were approved by the insurance regulator, so I just went ahead and renewed the policies," he said. But the hike didn't stop there. For FY22, Reddy has already received a renewal premium notice as the insurer is once again revising its rates. This time, the hike is a total of 64 percent, but for Reddy, this really crosses the comfort barrier. "I now have to pay ₹1.09 lakh for a collective sum insured of ₹7 lakh. Not only does this sound illogical and unaffordable, it looks more like a trap since older policyholders will not be able to port out that easily," he said.

Reddy is now contemplating lapsing his policies. "The insurer has given me the option to port to the cheaper Arogya Sanjeevani, but I am not sure," he said. With very few other options available, Reddy has been vociferously complaining via social media to anyone who would listen. But there is no remedy in sight yet. And he is not alone. In response to multiple reports about steep premium hikes faced by policyholders, the insurance regulator clarified on 3 December that only 55 products out of a total of 388 products had hiked premiums by 5 percent in response to recent reforms in health insurance. Only 5 products hiked premiums beyond 5 percent. But thousands of people may be stuck in those products. And steep hikes are not without precedence, particularly for older Indians. Although the Insurance Regulatory and Development Authority of India (IRDAI) doesn't publish data on lapsation in health insurance, steep premium hikes on renewal do put policyholders at risk of lapsation. Medical inflation and age band pricing are two common culprits for steep hikes. According to a white paper 'Medical inflation and health insurance products in India' by consulting firm Milliman, insurers tend to hike premium by 15 percent-35 percent every two to four years as health insurance pricing is extremely sensitive to medical inflation. This coupled with age band pricing—where premiums are set in age bands of 3-5 years and change as the policyholder moves from one age band to another—can make renewal premiums seem rather inflated. According to the paper, the two factors together can account for a hike of up to 50 percent.

But premium inflation akin to what Reddy experienced can't be explained away by those factors alone. Predatory pricing, high commissions, and price signalling—where older cohorts experience a more taxing premium revision—are all prevalent in the Indian context. Against this backdrop, and in light of the fact that covid-19 has popularized health insurance—it accounts for nearly 30 percent of premiums collected by non-life insurers—it is important for India to move toward a health insurance regime that is more affordable, consistent and transparent. And this calls for not just greater supervision but a comprehensive review of commissions and the creation of a healthcare inflation index in order to benchmark premium hikes. Predatory pricing, where premiums are initially at rock bottom rates in order to chase the topline, can, over time, make health insurance unsustainable and force insurers toward price correction. According to Hitesh Kotak, chief executive officer, Munich Re India, predatory pricing is a very myopic approach to a long-term product like health insurance. "As people grow older, chances of using health insurance increases which impacts the claims ratio. The ageing book dynamics need to be appropriately factored at the pricing stage to avoid sharp price rises later," he said. Claims ratio is the ratio between the total claims paid and the total premiums collected. Price correction can potentially lead to selective lapsation where the young and healthy move out, whereas, the not-so-healthy stay back. This would worsen the books further, warranting a hike and resulting in a vicious spiral. While there have been several anecdotal accounts of predatory pricing, one of the most audacious events that ultimately forced the insurance regulator to intervene dates back to nearly a decade. Reliance General Insurance Co Ltd launched a health insurance policy in 2006, Health Wise, which was among the cheapest in the market. However, four years later, the insurer hiked the premiums in the range of 60 percent-800 percent leaving policyholders in a bind.

In order to combat predatory pricing, the IRDAI locked the premium for the first three years after a new policy launch and allowed for an annual revision thereafter. But has it helped? Retail policies come with a host of exclusions that are front-ended that keeps the claims ratio low initially, but as claims begin to pick up, insurers are forced into price correction. Therefore, predatory pricing and consequent premium corrections can't be completely eliminated with the 3-year lock-in. According to Alope Gupta, a health financing specialist, retail health insurance is priced on the higher side. "When you look at the coverage of health insurance, which is very narrow in scope with many exclusions and disallowances built into the product, the premiums appear to be high. This is true especially for senior citizens for whom the contractual disallowances in the form of deductibles and co-pay are much higher and yet they shell out more than 10 percent of the insurance cover (sum insured) as premiums," he said. Gupta has worked with IRDAI as part of various committees on health insurance.

Even in the case of the Reddys, who paid just 2 percent of the sum insured as premium in 2002, the cost has gone up to 16 percent of the sum insured. This, Gupta says, is an indication of complete market failure. "Anything over and above 2.5 percent is indicative of a market failure, where insurers are not able to increase the penetration of health insurance and price the product effectively," he said. What lends weight to Gupta's argument is the prevalent claims ratio of the health segment of insurance companies. An analysis of regulatory disclosures over the past five years indicates that the net incurred claims ratio for the retail book has been in the range of 50 percent to 70 percent. A lower claims ratio is desirable for the sustainability of the insurer as it means it's collecting more by way of premiums than it is paying by way of claims. The surplus then can be used for administrative and management expenses and also earns a profit for the insurance company. However, very low claims ratios give rise to concerns regarding consumer protection as it means products are overpriced. In the retail bucket, health insurance products, especially from private and stand-alone health insurance companies, have been in the range that would invite concerns regarding overpricing. However, the story looks very different when one looks at the combined ratio, which reflects the claims ratio as well as the expense ratio.

A combined ratio of over a 100 means that the insurers are paying out more than they earn by way of premium (exclusive of any investment return). While insurers don't report combined ratio segment-wise, some of the standalone health insurance companies are operating on a combined ratio of over 100 percent. The gap between the claims ratio and the combined ratio, therefore, reflects operational expenses—of which commissions comprise a huge portion. Regulations allow a 15 percent pay-out to

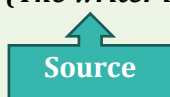
insurance intermediaries, but this is not a one-time payout but a recurring one. The agent is entitled to 15 percent of the premium not just on sale, but every year on renewal as well. This gets further exacerbated by the fact that the regulator allows a reward—30 percent of the commission—which increases the payout further. Furthermore, while the percentage of commission is fixed, the premium in health insurance increases with age and this works like an increasing annuity for the agent, potentially for life. According to Joanne Buckle, principal and consulting actuary at Milliman, distribution costs are steep in India. “Commissions are usually structured differently across different economies but typically we have seen commissions to be in the range of 5 percent-10 percent. A 15 percent year-on-year commission can put a lot of pressure on cost,” she said. As per Buckle, medical inflation, which is more a factor of the larger healthcare ecosystem in India, and distribution costs are the key challenges in retail health insurance from a sustainability point of view. Antony Jacob, chief executive officer of Apollo 24/7, a healthcare app, says that reducing renewal commissions will effectively bring down expenses and, by extension, consumer costs. “Loss ratios or claims ratio in the first 2 years look good given how health insurance policies come with exclusions in the initial years. So, there is room to absorb higher expenses. But as claims ratio begin to increase and commissions remain high, there is a pressure on profitability,” he said.

“Paying a higher commission in the first year and tapering off commissions in the subsequent years would make more sense from a sustainability point of view,” he added. Also, give how renewals are now actively happening online, the rationale for a 15 percent renewal lifetime commission may need to be reviewed. Pricing in health insurance needs greater monitoring, but a relook at incentives is important too for the long-term sustainability of the Indian health insurance market. The regulator also needs to work on creating a healthcare inflation index to which premiums can be benchmarked. As per Milliman’s white paper, medical inflation index is emerging as a potential global best practice to peg premium hikes. “However, no such standardized medical inflation index is currently published in India, although the data exists to do so. Such an index would be extremely useful in providing a solid and robust benchmark and would allow insurers to compare their own experience against the market,” noted the report.

With consumer interest peaking in the health insurance market in the shadow of a pandemic, long-overdue reforms can no longer wait. And undertaking those reforms before India shifts from being a young country to a middle-aged country would be critical.

(The writer is Deepti Bhaskaran.)

[TOP](#)



How you can maximise your health insurance - The Hindu Business Line - 14th December 2020

Given the consistent increase in hospital expenses, the medical insurance you have today may become insufficient after a few years. To ensure that you have sufficient cover even a few years down the line, you can choose to enhance your existing sum insured (SI) in a cost-effective manner. In addition to the restoration or NCB benefits offered by the insurer, there are two options. One, you can upgrade your existing policy with a higher SI. Two, you can buy a super top-up plan. Here is what you should know about SI enhancement. If you already hold a health insurance policy, you can enhance your SI at the time of renewal. Accordingly, your premium outgo will also increase and widen the scope of coverage. But if you find the premium outgo to be high for the increase in SI, then you can consider a super top-up cover. A super top-up plan is similar to a regular health cover where the policyholder gets covered for hospitalisation and other medical expenses. It is different only in terms of coverage initiation. That is, a super top-up will cover you once hospitalisation expenses exceed a certain limit known as ‘deductible’. Let’s understand this with an example. Assume you have a total cover for ₹3 lakh in your base health policy and you choose to purchase a ₹5 lakh super top-up product which has ₹3 lakh as deductible. Now, during a policy year, you make a first claim for ₹1 lakh. This gets covered in your base policy. Your second claim is for ₹2.5 lakh. Now, ₹2 lakh gets covered by your base plan and the balance ₹50,000 comes from

your super top-up plan. The super top-up plan comes into use as you have crossed the remaining deductible limit of ₹2 lakh.

Though sum insured enhancement or super top-up plan is cost effective and widens the coverage and benefits, there are certain points to keep in mind. First, all the waiting periods - initial, pre-existing disease and disease specific waiting period will continue to apply on the increase SI. Second, other conditions, including co-pay and deductible, if any, will also apply on the additional sum insured. On the positive side, as super top-up plans are similar to a health plan, they come with benefits such as cumulative bonus, restoration of SI, and wellness programme. Most health insurance policies in the market offer built-in options to increase or restore your SI every year without any additional premium. Under this feature (known as restoration feature), the insurer fully reinstates the original SI once the entire health cover is used up during the policy year. Some insurers reinstate original SI even after partial exhaustion of (original) SI. No-claim bonus or NCB is another feature through which the insurer increases your SI without any increase in your premium. However, the increase in SI comes with a limit, say, 10 or 20 percent increase in base SI every year, usually up to 100 percent of SI, if there is no claim filed by the policyholder. You can even opt for the NCB rider over and above the in-built NCB in the policy for additional costs. Though insurers reward you with an increase in SI, it has its own limitations in terms of reinstatement of SI and having a claim-free year mandatory for NCB. The pace of increase may be slower as well. Therefore, between additional increase and a super top-up plan, you can choose what works for you, based on the additional premium you have to pay and the coverage and other benefits.

(The writer is Bavadharini KS.)



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Things to check in order to make your health insurance plan cancer-proof - Times Now - 13th December 2020

Cancer is on the rise in India and ICMR projects an estimated 15 lakh cases by 2025. Here's how you can make your health insurance plan cancer-proof

Cancer is on the rise in India and therefore it's necessary to check whether your health insurance is ready to deal with any possible contingencies. According to a report by the Indian Council of Medical Research (ICMR), the total number of cases is expected to touch 15 lakh by 2025.

There was a time when cancer was largely untreatable but with time, healthcare techniques improved and the disease can be cured. India itself attracts thousands of medical tourists including cancer patients but treatment costs still remain invariably high owing to expensive procedures involving surgery, radiation, chemotherapy etc.

Prevention is better than cure

Healthier life choices such as regular exercise, conscious dietary choices, sound sleep ensure a stress-free and healthy body. Heavy tobacco and alcohol have also been linked to increased cancer risk as well.

Regular health check-ups

Early detection of cancer makes the treatment lot easier and leads to better chances of recovery, say experts. Therefore, regular health check-ups can lead to earlier diagnosis and quicker recovery. Doctors suggest annual check-ups such as mammography, pap smear, ultrasound for women after 40 years of age. For men above the age of 55, annual health screenings PSA ultrasound for men, apart from some tumour markers can make all the difference.

Right insurance plan

The right insurance plan can make all the difference when it comes to treating critical illnesses such as cancer. It is important to opt for an insurance plan which has a sum insured of at least 1.25 times the cost of average cancer treatment in your city. The place where you reside also plays a part since the cost of

treatment will be higher in metros as compared to towns. But Rs 5-7 lakh is the minimum coverage that one should have.

In case of family floater plans, the sum insured should be at least Rs 10-12 lakh as it is shared by multiple members of the family.

Co-payment

Most health insurance plans have the option of co-payment in which the policyholder is required to partly pay the cover out of their own pocket. Policyholders use it to lower their premiums. However, in case of large cover opted in order to meet big-ticket expense such as cancer, choosing a co-payment route might not be the best.

Critical illness add-on

A critical illness cover is used to cover the cost of those procedures used for treatment against critical illnesses such as open-heart surgery, brain tumour, severe coma, organ or bone marrow transplant, different types of cancer, heart conditions etc. Such a cover is a must for people who are old.

Waiting period

Most healthcare insurance plans have a waiting period before the critical illness cover kicks in. This needs to be considered as well.



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Planning to take Ayush treatment? Know all about health insurance plans – Times Now – 12th December 2020

Arogya Sanjeevani covers treatments under Ayush up to sum insured with a lower limit of Rs 50,000 and no cap on the upper limit.

AYUSH is the acronym of the alternative medical systems historically practised in India such as Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homeopathy. The Centre has promoted these alternative medicine systems although these are not backed by modern medical science.

Its efficacy is such that the Indian Medical Association (IMA) had to counter Centre's Ayush protocol for Covid-19 management. Notably, the Ministry of Health & Family Welfare has a clinical protocol for Covid-19 based World Health Organisation (WHO) guidelines which the Centre recommends to follow.

The health ministry had earlier clarified that Ayush protocol for Covid-19 was recommended in addition to standard guidelines issued by it. The government's National Health Portal describes Ayush alternative medicine systems as, "These systems are based on definite medical philosophies and represent a way of healthy living with established concepts on prevention of diseases and promotion of health".

So, whether you should give up modern-day medicine and take up such alternative treatments totally depends on your world view. But such treatments like a lot of unconventional ideas these days are gaining popularity.

In 2013, the Insurance Regulatory and Development Authority of India (IRDAI) directed all insurance providers to offer Ayush cover under their various comprehensive and senior citizen medical insurance policies.

Which means even if you're one of the brave ones opting for Ayush treatments, there are insurance companies which will cover your right to do so but there are limitations.

What you should know

Arogya Sanjeevani and some other plans cover Ayush treatments. A lot of times conventional medical insurance plans cover in-patient benefits for Ayush treatments. So, if you get admitted to an Ayurveda hospital, such a policy will cover the same way like normal treatment is covered.

What is covered?

Arogya Sanjeevani covers treatments under Ayush up to sum insured with a lower limit of Rs 50,000 and no cap on the upper limit. The features of the plan are the same across products offered by different insurers. A pre-hospitalisation period of 30 days is included and post-hospitalisation expenses till 60 days from departure are also included in it. Other health insurance plans normally cover Ayush treatment upto a limit of Rs 50,000.

Notably, cost of treatment under Ayush is usually lesser than conventional healthcare. According to the National Health Portal data, there are 98 Ayush hospitals across different states.

Limitations

There are certain limitation for both insurers and insured persons. For insurers, credibility and finding the right Ayush treatment provider is a challenge. For policyholders, such alternative treatment are usually out-patient, where hospitalisation is done, whereas insurance plans cover only in-patient treatment. This means that consolation and evaluation expenses for Ayush are not covered. Also, if the Ayush practitioner is not approved by the insurance company.

While other health insurance plans place an upper limit on Ayush treatment cover, Arogya Sanjeevani has a 5% co-pay clause, which is borne by the policyholder out of pocket. It also has 2% sublimit on room rent.

Source

[TOP](#)

Buyers pick bigger health cover – Live Mint – 11th December 2020



First-time health insurance buyers are increasingly choosing big-ticket policies, data from insurance marketplace Policybazaar.com showed, as the coronavirus pandemic heightens health concerns.

As many as 35% of first-time buyers in the past two months chose high-sum insured policies—which offer cover of ₹25 lakh to ₹1 crore—compared with less than 2% last year.

Also, among those choosing these plans, around 52% were aged 30-40 years. Among this demographic, only 13% of buyers had pre-existing diseases.

“There is a lot of awareness about health insurance now. Moreover, there is also fear due to covid. Young, healthy people have realized that a critical illness doesn’t only happen to those in the age group of 55-60 years,” said Amit Chhabra, head of health insurance at Policybazaar.

The second reason is affordability. “The cost of high-sum insured plans has come down drastically this year. So, from an average premium of around ₹35,000 last year, the price has come down to as low as ₹15,000 for plans with high cover. This affordability meant that people could go for high-sum insured plans,” he added.

Flexibility in premium payments has helped as well. For example, under a monthly option, policyholders can pay ₹1,250 each month instead of forking out ₹15,000 in one go.

The monthly option was introduced by Irdai in April as a temporary relief for 12 months due to covid. From October, some insurers have also revamped their products with an instalment option built into the policy.

Policy bazaar data also showed that 47% of buyers selected a sum insured of ₹25 lakh, ₹30 lakh and ₹50 lakh, while 53% chose ₹1 crore.

The demand for single-year policy term was also higher at 62.4%, followed by three years and two years, respectively.

Under a multi-year health policy, customers get a cover for more than one year on paying a premium for the full policy term in one go.

“Some people go for multi-year plans, as these come with a substantial discount on the premium. For example, for a two-year plan with a yearly premium of ₹10,000, policyholders can get a discount of around 7.5-10%, which can go up to 15% for a three-year policy,” said Chhabra.

The data showed that 71% chose to invest in family floater plans with a higher sum insured, while the rest 29% bought the individual cover.

(The writer is Abhinav Kaul.)

[TOP](#)

Source

MOTOR INSURANCE

All you need to know about buying two-wheeler insurance online - The Telegraph - 15th December 2020



Two-wheelers are among the most preferred modes of transport in India. Their popularity as a preferred commute option could be gauged from the fact that in 2019, two-wheeler sales in India reached an all-time high of over 21 million units. Moreover, despite the COVID crisis and the ensuing lockdown which dampened the consumer spirit in the country, over 17 million two-wheelers were sold in 2020 till October [1]. And with top-six auto manufacturing firms posting a 16 per cent spike in sales, we might as well see the sales crossing the last year’s figure despite the COVID crisis [2].

This surge in two-wheeler sales may partly be due to the fact that while people have to get back to their daily lives with regular commute to and from work, they do not prefer to use public transport and prefer to commute using their own vehicles to avoid the risk of contagion in crowded public spaces. Nevertheless, two-wheelers have been popular in India even before the crisis due to their multi-dimensional appeal of affordability, efficiency in congested roads and lower maintenance costs.

Menace of uninsured two-wheelers

However, it is also a matter of the fact that a large number of two-wheelers remain uninsured. According to a General Insurance Council of India (GIC), almost 60 per cent of motor vehicles in India do not have a valid vehicle insurance and most of these are motorcycles and scooters. And this huge proportion of uninsured two-wheelers becomes an even bigger problem when one takes into account the fact that over 5 lakh road accidents get reported in India every year involving over 1.5 lakh deaths. So, it is crucial to have the right kind of protection when you go out on the road on your two-wheeler. And this protection not only includes the right protective gear, but also a comprehensive bike insurance policy that protects you financially if any mishap happens.

A comprehensive bike insurance plan not only secures the vehicle on the road, but it also protects it from theft and damage due to natural calamities, vandalism and other such events. Moreover, riding without vehicle insurance is not only inadvisable, but also illegal in India. To tackle the menace of uninsured

vehicles plying on the roads, the government has also amended the Motor Vehicles Act, making laws more stringent for offenders. Under the new laws, there are harsher punishments and steeper fines for any violations. And if anyone is caught riding their two-wheeler without a valid insurance, they could be fined Rs 2,000 or even face imprisonment up to three months.

Why you should renew your bike insurance on time

Avoid Penalties- One of the major advantages of having two-wheeler insurance is that one can avoid the steep penalties under the new Motor Vehicles Act.

Financial protection- If you unfortunately meet with an accident and your vehicle is damaged, you do not need to worry about the repair cost as the insurance would take care of it. Not only in case of accidents, you can claim the insured amount also in case of damage caused due to natural calamities, and even theft of your vehicle.

Keep NCB Active- If the two-wheeler insurance policy is renewed on time, then you can continue to enjoy the no-claim-bonus (NCB) benefit -- a type of incremental bonus offered by the insurance companies that reduces the amount of premium for the policy when you renew on time and when you have not made any claim in the last policy period.

Things to keep in mind

Coverage: Before purchasing the two-wheeler insurance, you must evaluate the coverage that you need. There are essentially two basic types of covers -- comprehensive coverage and third-party insurance for bike. As the name suggests, the former covers third-party legal liabilities only whereas a comprehensive plan offers a complete cover package including the third-party liabilities, a personal accident cover, coverage against damage to the vehicle, and also coverage against theft. If you can afford it, it is always wise to go for comprehensive policy instead of the third-party as one will get covered for their own losses as well.

While purchasing the policy, you must remember that the right choice is based on the coverage, and not on the price. While price is important, you must not compromise with the coverage to get an attractive price.

Understand IDV: Before buying a policy, you must understand the concept of IDV, or Insured Declared Value. IDV is the current valuation of your two-wheeler in the market. As years go on, depreciation of the two-wheeler is factored in and the IDV is calculated accordingly. It decreases over the years and thus also results in reducing premium. However, you must make sure the IDV is not less than the actual market value of your vehicle at any given time. Because in such a case, you might be able to save some money in the form of reduced premium, but it also reduces the insured value that you may be able to claim in case of any mishap.

Riders: There are many policies available in the market which let the policyholder customize them to suit their specific needs using a variety of riders that are available.

Renew on time: The biggest mistake many people make is letting their policy lapse. You must avoid that at any cost as this not only leaves you unprotected, but it also hurts you financially by increasing your policy's premium and also voiding the no-claim-bonus that you may be able to avail at timely renewal.

Insurer's reputation: While you may have done all the homework, checked all the boxes and chosen the right insurance plan for your two-wheeler, if your claim is not settled without any trouble, then it may all be in vain. And this is where the importance of choosing the right insurer comes in. You must choose an insurer who has a good reputation of settling claims on time and without much fuss. It is also crucial to have the right insurer while making online payments as your credit or debit card details may be compromised.

The simplest way to do this is to choose industry leaders like Bajaj Allianz General Insurance. With bike insurance policies by Bajaj Allianz General Insurance, you could go with a personal accident cover rider. You could also cover any additional fitment that you may have installed on your bike. Moreover, Bajaj

Allianz General Insurance also offers riders like engine protection cover and depreciation shield, which reduces your expenses by excluding the depreciation cost of your vehicle while filing a claim.

With Bajaj Allianz, you also get the comfort of buying your vehicle insurance online with just a few clicks in a seamless, fast and convenient fashion. Just fill the required details, pay the premium amount and voila! You are done. This also goes for insurance renewal. Bajaj Allianz also allows you to transfer up to 50 per cent of the no-claim-bonus from your previous policy with a different insurer when you choose to get insured with them.

It's best to be safe than sorry. You may follow the rules and take all precautions, but accidents by nature are unpredictable. An insurance cover protects you from situations beyond your control. Be a smart buyer and get complete coverage for yourself and your two-wheeler.

Source:

[1] <https://www.statista.com/statistics/318023/two-wheeler-sales-in-india/>

[2] https://www.business-standard.com/article/companies/diwali-props-up-two-wheeler-sales-in-november-top-six-firms-post-16-spike-120120101286_1.html



[TOP](#)

Auto insurance: Now, pay premium only when you drive your car - Times Now - 15th December 2020

In recent times, usage-based motor insurance plans have become increasingly popular. Popularly known as 'Pay As You Drive', this type of insurance allows customers to pay the premium depending on how many kilometers the car has travelled. The Insurance Regulatory and Development Authority of India (Irdai) has also approved companies such as Bharti Axa General, Go Digit, TATA AIG, ICICI Lombard, Edelweiss etc. to offer such plans.

Under this type of insurance scheme, a customer pre-declares vehicle usage for a period of one year. Accordingly, the insurance premium will be calculated dynamically as per the pre-declared distance in km. The customer can choose from three slabs - 2500 km., 5000 km. and 7500 km - as per their usage need.

Here's everything you need to know about 'Pay As You Drive' insurance plans:

How does a usage-based car insurance policy work?

When opting for this particular type of policy, customers simply have to pay premium for a policy that offers coverage for fixed number kilometres. And if you end up crossing it, you can always top it up. But this is advisable only if you are sure that you will be covering only a fixed number of kilometres and will not require frequent top ups. Because if you are going to opt for this policy and end up paying for top ups regularly, you will be better off with a regular full year car insurance policy.

Where to buy?

Insurers are now offering the usage-based product through their company websites, online insurance aggregators like PolicyBazaar.com, agents and other distribution channels. If you want to buy the policy online, then you just have to provide the odometer reading, Know Your Customer (KYC) details, and fill up a customer consumer consent form.

'Pay as you drive' insurance plans:

1. Tata AIG 'Auto Safe': Tata AIG General Insurance offers a policy called 'AutoSafe' which uses telematics-based next-gen application and device to track the usage of the car and decide on the premium. The app helps policyholders save on premium by selecting the kilometers-driven. It also works as anti-theft device as it comes with a GPS-based tracking facility. Available on all policies offering personal accidental cover to the tune of Rs 15 lakh for owner and driver, this app also tracks the distance the vehicle has covered, live speed and other driving patterns and offers bonus kilometers for good driving at the time of the renewal, the company said in a statement on Thursday.

The usage-based private car cover is more affordable offering customised solution towards one's driving profile apart from offering other value-added propositions like depreciation reimbursement, daily allowance, no-claim bonus etc. Policyholders benefit from the flexible kilometre-based premium that enables savings. One can choose between 2,500, 5,000, 7500, 10,000, 15,000 and 20,000 kms. If all the kilometres is exhausted within the policy period, one can top-up km between 500 and 1,500 kms.

The Auto safe device is GPS-enabled and is linked to a mobile app that records all information, tracks the distance travelled and generates reports about vehicle health or driving patterns of the policyholder. This telematics device is fitted or linked to the car as the insurance policy becomes active and must be kept throughout the policy period. This device also comes with a motion sensor and generates fuel-saving reports apart from monitoring hard-braking, nighttime driving and acceleration apart from guarding against fuel slippage and dangerous driving habits.

2. Bajaj Allianz: Bajaj Allianz' usage-based insurance policy allows car owners to insure their vehicles for shorter periods of time instead of the run of the mill full year. The new car policy offers coverage on the basis of usage and the quantum of kilometres covered.

3. Edelweiss: Edelweiss General Insurance (EGI), India's first cloud-native insurer, has partnered with PolicyBazaar, India's leading web aggregator, to offer Edelweiss SWITCH, on-demand driver-based insurance, innovative, app-based Motor OD floater policy, which permits vehicle owners to switch 'on' and 'off' the policy whenever they want. After the initial premium to activate the policy, the rest of the premium can be paid in monthly installments. While the policy covers accidental damage when it is switched on, vehicles will be covered 24/7/365 against fire and theft, even if the policy is switched off at that time since these incidents can happen even if the vehicle is not being driven.

4. ICICI Lombard: 'Pay as you use' is ICICI Lombard's telematics-based car insurance plan that helps you insure your car at really affordable prices depending on your usage. You pick a plan, which will be valid for a year, depending on the kilometres you cover; up to 3000, 5000 & 7500 Km. The insurer will provide you with the telematics device and will even take care of the installation. Customers can customise their plan with their choice of add-on covers. Users can even track usage, remaining balance and more on the telematics device app. If one exhausts their balance, they can get a top-up by calling the company's toll-free number. The plan can be renewed as well within the policy period if the balance is exhausted.

Should you buy?

'Pay as You Drive' is ideal for the customers who have multiple vehicles and may not use each vehicle as much; therefore, they may not have to pay a large premium amount. Also, If you are someone who mostly relies on public transport or even use your vehicles rarely due to medical complications, then this will help you cut cost on your vehicle insurance.

Also, another thing to consider is that a "Pay As You Drive" product is comprehensive own damage (OD) plus third party (TP) policy and is being offered on a pilot basis for a year. Insurers are required to sell 10,000 policies in six months to be able to offer this as a regular insurance policy.

(The writer is Harshita Tyagi.)



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CROP INSURANCE

Crop Insurance: Pradhan Mantri Fasal Bima Yojana to Cover Damage caused by Wildlife; Details Inside - Krishi Jagran – 16th December 2020

Amid the intensifying farmer's protest across the nation, the government has decided to take a major move towards crop insurance. As per sources, crop damage by wildlife is being included as add-on

coverage under the Pradhan Mantri Fasal Bima Yojana (PMFBY) in a major move to handle human-wildlife conflict. Now, farmers can easily apply for the damage caused by wildlife and get insurance for that. Pradhan Mantri Fasal Bima Yojana (PMFBY) that was launched in 2016 replaces all the prevailing yield insurance schemes in India.



PMFBY

PMFBY is a central government scheme that compensates growers with interest for the loss of crop because of unseasonal or excessive rainfall. With the aim to help farmers affected from natural disasters or sudden change in weather.

NTCA writes to field directors regarding add-on coverage

According to reports, National Tiger Conservation Authority (NTCA) has written to all the field directors of tiger reserves to consider providing add-on coverage for crop depredation to farmers in areas near the reserves where the risk is substantial and identifiable.

“The add-on coverage will be optional for the farmers and applicable notional premium will be borne by the farmer. However, the state governments may consider providing additional subsidy on this coverage, wherever notified,” said NTCA officials.

The detailed protocol and procedure for evaluation of bids have been prepared by the government in consultation with MoEFCC and the insurance company.

Moreover, forest officials said that though states already pay crop damage compensation, damage caused by wild animals has been incorporated in the guidelines as per the suggestions received from various states. If the scheme is implemented, farmers will have to contribute to get compensation,” said forest officials.

“A panel set up in Maharashtra to suggest steps to curb crop damage too had recommended this step,” they said.

(The writer is Pronami Chetia.)

[TOP](#)

Source

Damage by wildlife now covered under PM crop insurance scheme – The Times of India - 15th December 2020

In a major move to mitigate human-wildlife conflict, crop depredation by wildlife is being included as add-on coverage under the Pradhan Mantri Fasal Bima Yojana (PMFBY). PMFBY was launched in 2016 and replaces all the prevailing yield insurance schemes in India. National Tiger Conservation Authority (NTCA) has written to all the field directors of tiger reserves to consider providing add-on coverage for crop depredation to farmers in areas near the reserves where the risk is substantial and identifiable. The detailed protocol and procedure for evaluation of bids have been prepared by the government in consultation with MoEFCC and the insurance company. “The add-on coverage will be optional for the farmers and applicable notional premium will be borne by the farmer. However, the state governments may consider providing additional subsidy on this coverage, wherever notified,” said NTCA officials. “Though states already pay crop damage compensation, damage caused by wild animals has been incorporated in the guidelines as per the suggestions received from various states. If the scheme is implemented, farmers will have to contribute to get compensation,” said forest officials. “A panel set up in Maharashtra to suggest steps to curb crop damage too had recommended this step,” they said.

It is intended for farmers whose fields are likely to be affected by raiding/grazing or by the impact of damage by wild animals and intends to provide protection against such incidents causing irreversible damage to standing and insured crop. As per the guidelines, the definition of wild animals will be as per the categorization of the MoEFCC and state forest departments based on historic yield losses faced. In Maharashtra, wild boar, nilgai, deer, elephants, and gaurs are included in the list of animals for which crop damage compensation is paid to farmers. The present system is tedious and due to delayed payment, farmers resort to electrocution. NTCA officials said, "Initially this add-on cover would be available on a pilot basis. It would be available for those crops only that have a history of demonstrable economic loss by attack of wild animals. List of these wild animals and area of coverage will be notified by the state government." As per the guidelines, there will be two alternatives to implement the scheme. In alternative-I, states may ensure the actuarial premium rate quoted by the insurance companies should be rational to the past loss experience. Under this provision, all risks will be borne by the companies. Under alternative-II, states not having requisite historical yield loss data to determine the rational actuarial premium can consider implementing this cover on the corpus model. Under this model government will have to create a corpus fund at the state level to provide claims to eligible farmers over and above the premium collected.

(The writer is Vijay Pinjarkar.)



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SURVEY & REPORTS

Ransomware attacks on the rise even as cyber insurers scale back - The Economic Times - 17th December 2020

Ransomware attacks increased in terms of both severity and costs this year, forcing insurers to become more selective and even scale back on the cover they offer against cyber-crimes, a report from a leading insurer showed. The total costs of ransom payments doubled year-on-year through the first six months of 2020, according to the report from Lloyd's of London insurer Beazley Plc that called such attacks the biggest threat facing businesses.

Ransomware attacks typically involve the infection of computers with malicious software, often downloaded by clicking on seemingly innocuous links in emails or other website pop-ups and leaving users locked out of their systems, with the demand of a ransom to be paid to restore computer functions.

They differ from a data breach or other types of hacking, which may steal large batches of customer data or other information from companies or individuals. Paul Bantick, Beazley's global head of cyber and technology, said that ransomware attackers were demanding more money than in the past and had also become more creative in ways in which they sought to extort money.

"COVID-19, coronavirus, vaccines, all these things, they have enabled people to target organizations," Bantick said. "Someone that you've been in contact with has tested positive, please click here to find out - You've got a much higher chance of, given what's going on in the world, people clicking on those bad emails," he said.

Giving no details of the companies involved, the report cites an incident where an automotive group was hit with ransomware and a cyber extortion demand of nearly \$500,000. The attackers provided proof they had extracted employee data and, after negotiations led by the insurer, a ransom of \$50,000 was eventually paid, according to the report.

The rise in such incidents has led to a jump in cyber insurance rates, Beazley said, but added that capacity in the market had reduced because insurers were wary of losses. Higher premiums have also resulted in smaller businesses, already hit hard by the coronavirus-induced slowdown, feeling the pinch.

Several industry players have told Reuters that many smaller companies have cut their cyber insurance completely this year due to a squeeze on cashflow from the coronavirus crisis and rises in other premiums. They said cyber insurance businesses are also struggling with profitability, having been hit by the rise in ransomware attacks and legal battles over insurance claims after the NotPetya attacks in 2017.

Graeme Newman, chief innovation officer at another industry player, CFC Underwriting, said separately that rates had gone up by about 15% to 25% in the third quarter. He also said there have been much bigger jumps in rates in certain sectors, including public entities and education.

"There have been some changes in capacity with a few smaller players exiting the market and others adjusting appetite. We are still writing with a line of up to \$50 million but are being increasingly selective as to where we deploy this capacity," CFC's Newman said.

[TOP](#)

Source

COVID-19 altering insurance landscape of several Asian markets – Swiss Re - Insurance Magazine – 16th December 2020



Supportive government policies in India, Indonesia and Malaysia, coupled with an increase in digital activity due to COVID-19 are pushing consumers – and their insurance needs – online, according to a study by Swiss Re.

Research by the global reinsurer said that the growing presence of e-commerce and digital wallet apps presents opportunities for innovative partnerships between insurers and digital platforms to bridge the US\$498 billion health protection gap in the three emerging Asian markets.

Titled “Going Digital – Insights to Optimise Consumer Appetite for Online Insurance”, the study surveyed 1,800 consumers in India, Indonesia and Malaysia in June. It aims to understand their attitudes toward digital platforms and perceptions of buying insurance online.

The survey also tested their acceptance of selecting and purchasing six life and health insurance products tailored to fit digital platforms. The three countries have a combined population of over 1.5 billion people, with a middle class growing in both number and digital savviness.

Restrictions to slow the spread of COVID-19 have pushed consumers to begin looking digitally for solutions that may not have been there prior to the pandemic, the report said. 68% of respondents used digital platforms at least once a week, while an average of 70% expressed interest in using online channels to purchase insurance.

Due to consumers’ familiarity with digital wallet and e-commerce apps, these have been found as suitable avenues for online insurance distribution, especially in India and Indonesia. Meanwhile, Malaysians tend to favour bank or insurer websites and apps.

Among the six hypothetical insurance products, consumers showed a strong preference for simpler critical illness and medical reimbursement insurance on digital platforms. Critical illness pay-per-use insurance had the highest chance of success for digital distribution in Indonesia and Malaysia. Nearly 80% of Indian consumers opted to purchase hospitalisation cash and critical illness pay-per-use insurance through digital platforms, but interest in the other types of insurance was also high.

"Health and safety measures intended for curbing the spread of COVID-19 have now driven a clear paradigm shift towards digitalisation in the post-virus era," said Marianne Gilchrist, managing director, head of globals and life & health South Asia, Swiss Re. "With an increasing number of digital platforms extending their business reach into financial services, insurers need to adapt their business models to become more relevant and responsive to the latest customer needs."

(The writer is Gabriel Olano.)

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Demand for ₹25 lakh to ₹1 crore health cover spikes post covid-19: survey – Live Mint – 11th December 2020

As much as 35% of the first-time buyers are going for health insurance policies, with high sum insured, compared with less than 2% last year, the buying pattern of the last two months on Policybazaar.com, an online marketplace for insurance, shows. A high-sum-insured plan means an insurance cover of ₹25 lakh to ₹1 crore.

The survey also showed that among those choosing the high-sum-insured plans, around 52% were in the age group of 30-40 years, while among this demographic, only 13% buyers had pre-existing diseases.

"There is a lot of awareness about health insurance right now. Moreover, there is also fear due to covid-19. Young healthy people have now realized that a critical illness doesn't only happen to those in the age group of around 55-60 years," said Amit Chhabra, head, health insurance, Policybazaar.com.

The second big factor behind this change in trend is affordability. "The cost of high-sum-insured plans has come down drastically this year. So, from an average premium of around ₹35,000 last year, the price has come down to as low as ₹15,000 for plans with high cover. This affordability meant that people could go for high-sum-insured plans," he added.

Moreover, flexibility in the premium payment option has resulted in people going for higher cover. For example, under a monthly option, policyholders can pay ₹1,250 each month instead of forking out ₹15,000 in one go.

The data also showed that out of the total high-sum-insured policies sold on Policybazaar.com, 47% of buyers went for a sum insured of ₹25 lakh, ₹30 lakh and ₹50 lakh, while the share for those with ₹1 crore cover stood at 53%.

The demand for single-year policy term was also higher at 62.4%, followed by three-year and two-year policy term, respectively. In multi-year health insurance policy, customers get a cover for more than one year on paying premium for the full policy term in one go.

"Some people go for multi-year plans, as these come with a substantial discount on premium. For example, for a two-year plan with a yearly premium of ₹10,000, policyholders can get a discount of around 7.5-10%, which can go up to 15% for a three-year policy," said Chhabra.

The survey also showed that 29% of people bought individual health insurance, while the other 71% chose to invest in family floater plans with a higher sum insured.

According to the company, it accounts for roughly half of all internet-based insurance purchases in India. The writer is Abhinav Kaul.

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PENSION

What you must know about PFRDA's OTP-based authentication for old NPS accounts - Live Mint - 17th December 2020

The Pension Fund Regulatory and Development Authority (PFRDA) in a circular issued on 3 December 2020 has announced that the legacy National Pension System (NPS) subscribers, whose accounts were opened before the launch of one-time password (OTP)-based authentication feature, can also now access their NPS account via OTP authentication.

Earlier this year, the PFRDA adopted several measures to increase the outreach of the NPS. The PFRDA announced that subscribers can open their new NPS accounts through OTP-based authentication process. The PFRDA also allowed customers to open an online NPS account through e-signature. It has permitted Aadhaar-based offline paperless know-your-customer (KYC) process for new customers while opening an NPS account.

What are legacy NPS accounts?

PFRDA extended the facility of OTP-based authentication for legacy NPS accounts. As per the circular issued on 3 December 2020, "Legacy Accounts are those accounts which were opened before the launch of OTP based authentication feature by Central Record Keeping Agencies (CRAs) or Points of Presence (POPS) but physical forms with respect to these accounts are not yet received by CRAs." There are two CRAs in the NPS—NSDL and KFinTech.

The circular further states the following.

This option will be available only to eligible legacy accounts i.e. only those accounts in which e-mail IDs and/or mobile numbers are registered, provided that all other requirements under the subscriber registration process as prescribed by the authority are complied with.

NPS subscribers for whom the physical forms are not yet received at CRA are allowed to authenticate either through Aadhaar-based e-sign or OTP at the technology platform of either of the CRA or of the associated POPS.

Here's how subscribers can authenticate their legacy NPS account via OTP:

As per the circular, "To avail the facility of OTP based authentication at CRA platform, both the e-mail ID, as well as the mobile number of subscribers, should be available in the records of CRA."

Process of OTP-based authentication

Log on to the websites of eNPS of the respective CRA. They are NSDL (enps.nsdl.com) and KFinTech (enps.kfintech.com).

Click on the button "National Pension System".

Click on the button "Registration".

Click on option "OTP Authentication/eSign".

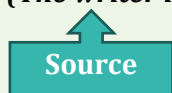
Provide details submitted at the time of registration such as acknowledgement no., acknowledgement date, and date of birth or first name, date of birth and email address.

OTP authentication option will be displayed to the subscriber along with "eSign".

Select "OTP Authentication" option and click on the "Generate OTP" button.

Two distinct OTPs will be delivered on the mobile and email ID, respectively, of the subscriber available in the CRA records. Enter both the OTPs to complete the process.

(The writer is Navneet Dubey.)



[TOP](#)

Pension plans: Rs 50,000 extra deduction under Section 80CCC, tax-free annuity portion – ICAI proposal - Financial Express - 17th December 2020

Indian Union Budget 2021-22: The Institute of Chartered Accountants of India has proposed that the tax implications on pension policies sold by insurance companies and the New Pension Scheme (NPS) of the government should not be different.

Currently, there is a disparity between the pension schemes offered by the Life Insurance companies and the NPS, which is offered by the Government. “Pension policies & NPS both are similar products and therefore tax implications on these products should not make them different products,” ICAI said in its Pre-Budget Memorandum.

To remove the disparity, the ICAI has suggested the government to provide for an enhanced deduction limit for the premium paid on pension policy under Section 80CCC read with Section 80CCE.

The ICAI suggested the following ways in which the enhanced limit may be provided:

Additional deduction for Rs 50,000 for premium paid for pension policy issued by the Life insurance companies similar to that provided in section 80CCD(1B) of the Income Tax Act 1961.

Additional deduction under section 80CCC to the extent of 14% by Central Government/10% of salary similar to section 80CCD (2) of the Income Tax Act 1961.

Above limits may be in addition to the existing limit.

Similar to section 80CCD (5), the uncommuted portion (generally 2/3rd) under a pension policy, which is mandatorily used to buy an annuity plan, should be treated as not having been received and hence, not taxable.

60% Maturity proceeds exemption as provided in section 10(12A) of the Act.

Additional Deduction Under NPS

Under NPS, an additional deduction for investment up to Rs.50,000 has been provided under section 80CCD(1B) of the Income Tax Act, 1961 to both salaried and self-employed individuals. This additional deduction is over and above the ceiling of Rs.1,50,000.

If the above measures suggested by ICAI are implemented, tax implications for contribution to NPS and other pension policies of insurance companies will become similar.

Deduction for home, personal accident cover

The ICAI has also suggested the government to provide a separate deduction to the policyholders for payments relating to travel insurance, home insurance or personal accident insurance.

At present, deduction under Section 80C is available for Life Insurance Policy and deduction under Section 80D is available for health insurance premiums.

“Deduction for insurance premium relating to travel, home etc. will boost the policyholders to secure their assets like car, home, etc. and also to avail personal accident cover,” the ICAI said in its Pre-Budget Memorandum.

(The writer is Rajeev Kumar.)

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Government sector: Net NPS subscriber addition crashes - Financial Express - 16th December 2020

According to the PFRDA data, only 41,036 subscribers from the central government sector joined the NPS between April and November. This works out to a monthly average of 5,130, against that of 9,784 in

2019-20. However, in FY19, the monthly average addition of the central government sector subscribers was 5,241.

The pace of fresh government sector subscriptions under the National Pension System (NPS) has fallen sharply so far in 2020-21, possibly a fallout of the damage caused by the Covid-19 pandemic.

According to the PFRDA data, only 41,036 subscribers from the central government sector joined the NPS between April and November. This works out to a monthly average of 5,130, against that of 9,784 in 2019-20. However, in FY19, the monthly average addition of the central government sector subscribers was 5,241.

Similarly, from the state government sector, only 2,06,588 new subscribers joined the NPS in the April-November period. This works out to a monthly average of 25,823, compared with that of 36,045 in the entire FY20.

However, the total number of subscribers in various schemes under the NPS, as of November 2020, stood at 388.62 lakh, recording a 21.35% rise from a year before. At the end of March 2020, NPS had 345.55 lakh subscribers. Subscribers under Atal Pension Yojana (APY) has the largest share, with 249.69 lakh subscribers.

The NPS was introduced from January 1, 2004, for new entrants to central government service (except for armed forces) replacing the old pension system. NPS was also made applicable to new employees of all autonomous bodies of the central government from the same date. After the central government, various state governments also adopted this architecture and implemented NPS with effect from different dates.

In a recent performance audit report on NPS for the year ended March 2018, the comptroller and auditor general of India (CAG) found that even after 15 years of implementation, there was no assurance that all nodal offices and 100% eligible employees were covered under NPS. It recommended putting in place a full-proof system to ensure that all nodal offices and eligible employees are registered under NPS.

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Strong show: Pension assets surge 35.65% as of November 2020 - The Hindu Business Line - 15th December 2020

India's pension assets continue to record smart growth, with the latest Pension Fund Regulatory and Development Authority (PFRDA) data showing an overall growth in assets under management (AUM) of 35.65 percent on a year-on-year basis to ₹5,32,378 crore as of end November 2020. The overall AUM as of end-November 2019 stood at ₹3,92,467 crore. And, as against the AUM of ₹4,17,479 crore as of end-March 2020, the latest reading reflects a growth of 27.5 percent on a sequential basis, implying that the Covid-19 pandemic has had little impact on the growth of pension assets this year. In fact, the PFRDA has been taking steps such as simplifying the process of online onboarding, making it user friendly and enabling them to onboard digitally from the comfort of their homes. It may be recalled the pension AUM had surpassed ₹5-lakh crore mark in the July-September 2020 quarter.

(The writer is KR Srivats.)

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EPFO likely to credit 8.5% interest for 2019-20 by December in one go - Business Standard - 13th December 2020

Retirement fund body EPFO is likely to credit 8.5 per cent rate of interest for 2019-20 in the employees' provident fund (EPF) accounts of around six crore subscribers in one go by the end of December. Earlier in September this year, the Employees Provident Fund Organisation had decided to split 8.5 per cent

interest into two installments of 8.15 per cent and 0.35 per cent in its trustees meet headed by Labour Minister Santosh Gangwar.

A highly placed source told PTI that the Labour Ministry has sent a proposal to the Finance Ministry to give concurrence to credit 8.5 per cent rate of interest on EPF for 2019-20 earlier this month.

"The Ministry of Finance ratification is likely in few days. Thus the interest is likely to be credited by this month only." The source further said that earlier the Ministry of Finance had sought some clarifications on the rate of interest for the last fiscal, which were duly addressed.

In March this year, the EPFO's apex decision making body Central Board of Trustees headed by Labour Minister Santosh Gangwar had approved 8.5 per cent interest rate on EPF for 2019-20.

In a virtual CBT meeting in September, the EPFO had decided to honour its commitment to provide 8.5 per cent rate of interest for the last fiscal. But the CBT had also decided to split the rate of interest into two installments of 8.15 per cent and 0.35 per cent in view of the pandemic.

The labour ministry had then explained that "in view of exceptional circumstances arising out of COVID-19, the agenda regarding interest rate was reviewed by the CBT and it recommended the same rate of 8.50 per cent to the Central Government.

"It (8.5 per cent interest) would comprise of 8.15 per cent from debt income and balance 0.35 per cent (capital gain) from the sale of ETFs (exchange traded funds) subject to their redemption by 31st December, 2020," it had said.

The CBT had recommended accounting such capital gains (from sale of ETFs) in the income of the financial year 2019-20 as being an exceptional case.

As planned earlier, the EPFO had to provide 8.15 per cent interest on EPF soon after seeking Ministry of Finance nod. It has planned to credit the remaining 0.35 per cent rate by December 31, after proposed liquidation of ETFs.

The EPFO had earlier planned to liquidate some of its investment in ETFs to provide 8.5 per cent interest for the last fiscal. However, it could not do so because of the choppy market conditions amid the lockdown, induced by COVID-19.

The source also told that since the market conditions are more than favourable as bench mark indices are at record high, there should not be an issue to credit entire 8.5 per cent in one go.

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Source

IRDAI CIRCULARS

List of valid insurance brokers as on 30th November, 2020 is available on IRDAI website.

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Source

List of corporate agents registered with the authority as on 30.11.2020 is available on IRDAI website.

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Source

GLOBAL NEWS

China: Authorities publish draft regulation on use of medical insurance funds - Asia Insurance Review

The Chinese authorities have approved a draft of the country's first regulation covering the use of medical insurance funds.

The draft regulation defines the rights and responsibilities of medical-insurance authorities, designated medical institutions and the insured, reported Xinhua News Agency.

The draft also stipulates timely settlement of medical bills and prompt allocation of insurance funds.

According to the proposed regulation, insurance fraud will be punished by various means, including fines and the revocation of medical certificates.

So far, 10 provincial-level regions, including Beijing, Tianjin and Hebei, have established special institutions for the supervision of medical-insurance funds, said the National Healthcare Security Administration.

"The service-oriented draft aims to strengthen and optimise the oversight of medical insurance funds, which is of great importance to protecting people's legitimate rights to medical insurance," said Ying Yazhen, deputy head of a national healthcare security research institute co-managed by the administration.

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China: Regulator issues Internet insurance business rules - Asia Insurance Review

The CBIRC yesterday unveiled measures on for the supervision of Internet insurance businesses, intending to ensure the industry's sustainable development. The new rules will take effect from 1 February 2021.

Due to the growing importance of digital technology in the insurance industry, government supervision is necessary to oversee its rapid development, reported Shine, quoting the industry watchdog.

The CBIRC issued several important measures that will benefit consumers by defining Internet insurance business, strengthening the principle of licensed operations and setting standards for insurance marketing behaviour and after-sales services.

Regulatory authorities attach great importance to the development of digital technology in the insurance sector, said Mr Wang Min, executive deputy general manager and secretary of ZhongAn Online P&C Insurance's board of directors.

"The promulgation of the measures will provide favourable conditions for the development of Internet insurance and lay a solid foundation for accelerating the digitalisation and online transformation of the insurance industry," Mr Wang said.

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Source

Malaysia: Insurers urged to stop increasing medical insurance premiums - Asia Insurance Review

The Federation of Malaysian Consumer Association (Fomca) has urged insurers to stop increasing the premiums of medical insurance amid the COVID-19 pandemic as it will impact the affordability of premiums for policyholders, reported The Sun Daily.

“Notices are being sent to policyholders at the time when consumers are still struggling to make ends meet which is very unjust and unfair,” said Fomca president Dr Marimuthu Nadason in a statement.

“Fomca advocates for the deferment of repricing rollout by insurance companies which was initially intended to take effect in 2020. However, due to the severe economic disruption caused by the pandemic, the one-year postponement does not provide enough breathing space for policyholders who remain burdened by economic and employment uncertainties,” he said.

Dr Marimuthu noted that hospital occupancy had decreased tremendously due to COVID-19. Thus insurers will have a lesser payout compared to previous years.

He cited data from the Association of Private Hospitals which reported that private hospitals and clinics had seen a drop of almost 70%, thus resulting in a healthier loss/claims ratio as well as improved overall profitability for insurers.

“With many losing jobs and taking pay cuts, it is both an emotional and financial stress for policyholders keep up with the current premiums, what more if the insurance industry goes ahead with the repricing exercise we fear that many policies would be surrendered or lapse due to premium increase,” he said.

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Bangladesh: Bancassurance guidelines expected to be issued next year - Asia Insurance Review

The Insurance Development and Regulatory Authority (IDRA) has plans to issue final guidelines next year covering bancassurance and paving the way for expanding the insurance market through banking channels. The insurance regulator has already drafted a set of guidelines for bancassurance which has been circulated for public feedback, reported The Financial Express.

"We will consult with stakeholders after getting public opinions. Then bancassurance will be introduced next year, once other formalities are done," IDRA chairman Dr Mosharraf Hossain told the newspaper. Industry insiders are hopeful that bancassurance will create a win-win situation for banks and financial institutions, as well as insurance companies. In Bangladesh, around 12m out of 160m people have life insurance policies.

Dr Hossain said that under the guidelines, banks will be licensed as corporate insurance agents. The draft guidelines also propose a bancassurance agent cannot sign agreements with more than three insurance companies. Both the insurance companies and banks will be required to get approval from their respective regulators, before entering into agreements.

Bangladesh Insurance Association (BIA) President Sheikh Kabir Hossain said, "We have long been demanding that bancassurance be introduced, but banks weren't much interested." The insurance industry in Bangladesh comprises 79 insurers, including 33 life insurers whereas the banking industry comprises 58 banks operating nationwide through more than 10,000 branches.

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Indonesia: Code of practice issued for general insurance agents - Asia Insurance Review

The Indonesian General Insurance Association (AAUI) released a standard code of practice for general insurance agents. This is set out in “Standards of Practice and Code of Ethics for Indonesian General Insurance Agents”, reported Kontan. AAUI executive director Dody Dalimunthe explained the standards and code are drawn up in fulfilment of the insurance law and as a guide for AAUI members in carrying out insurance distribution and in working with general insurance agents. This issuance is to standardise rules of conduct and ethics for general insurance agents who have an agency agreement with an insurance company that is an AAUI member.

AAUI deputy chairperson for the agency sector, Mr Bambang S Soekarno, added that one of the important points stipulated in this code of conduct is that an insurance agent is not allowed to be tied to more than one insurance company. Insurance agents must be registered with the Financial Services Authority (OJK), and the AAUI is authorised by the OJK to register general insurance agents. The insurance agent must submit a registration application to the Association.

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UK: Regulator launches guidance to determine validity of COVID-19 insurance claims - Asia Insurance Review

The UK's Financial Conduct Authority (FCA) is launching a short consultation on guidance to help policyholders, insurers and insurance intermediaries judge how the presence of COVID-19 in a particular area may be proved. "We are launching this consultation so that we will be in a position to issue it as soon as possible, once we have the judgement of the Supreme Court," said FCA in an official statement.

The development comes after the Supreme Court held a four-day hearing last month for the FCA's test case on business interruption insurance relating to the coronavirus pandemic lockdown. The court is expected to announce its judgement on the landmark case by January 2021. The FCA had initially launched the test case to determine whether a representative sample of eight insurance companies with various policy wordings covering business interruption would have to pay out claims to businesses that were forced to close as a result of the COVID-19 lockdown in March.

The case was first brought to the London High Court which handed down a judgment on 15 September stating that some of the world's biggest insurers were wrong to reject tens of thousands of claims from small firms battered by the COVID-19 pandemic. Six insurers and a policyholder action group then joined the FCA in appealing the judgement in the Supreme Court.

FCA's draft guidance builds on the High Court's judgment and is intended to ensure that the process of proving the presence of coronavirus is made as simple as possible for eligible policyholders. This will enable them to receive claim payments as early as possible should the Supreme Court uphold the High Court's decision that relevant policies potentially provide cover in response to the pandemic.

"The High Court's judgment provided authoritative guidance for the interpretation of the circa 700 policy wordings identified as affected by the test case by circa 60 insurers. 12 out of the 21 policy types tested were found to have the potential to provide cover in response to the pandemic, nine were not," said FCA.

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