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QUOTE OF THE WEEK

"Life was always a matter of waiting for the right moment to act."

Paulo Coelho

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Bailee's Customers Insurance

Bailee's customer insurance protects businesses against damage, destruction, or loss of customer property while it is in their possession. A bailee may be any person or business who has been given temporary custody of someone else's property. A dry cleaner, a repair shop, or a parking garage may be a bailee, while the customer is the bailor.

Regular business property insurance plans cover only the property of the business owner. Any business that routinely accepts custody of customers' property may also need bailee's customer insurance.

INSURANCE INDUSTRY

India: 2023 may see M&As surge in insurance sector – Asia Insurance Review

As new regulations are introduced in the Indian insurance market, there will be more players entering the field and may result in mergers and acquisitions, according to Mr Anil Kumar Aggarwal, managing director & CEO of Shriram General Insurance Company.

In an interview with the Indo-Asian News Agency, Mr Aggarwal says that India's insurance industry is witnessing tremendous growth due to growing income, increasing awareness, and technological developments in the industry. The year 2022 has been one of the best years for the general insurance industry.

The Indian insurance industry has also seen several changes in consumer behaviour and attitude towards insurance because of the COVID-19 pandemic which has affected every branch including health, automobile, and motor insurance.

Digital experience
Post-COVID-19, customers are expecting improved digital experience from insurers. Also, there is a growing demand among the millennials for cyber insurance, Mr Aggarwal says.

InsurTechs are also playing an important role in the increase in demand for commercial insurance. Post-pandemic, the insurance industry has redefined its working standards to cope with the market situation. Motor insurance premiums are rising after the pandemic.

The InsurTechs are leveraging technologies such as Artificial Intelligence (AI), Machine Learning (ML), big data and the Internet of Things (IoT) to improve insurance processes, creating a big change.

Regulations
Meanwhile, the IRDAI has been introducing several new regulatory measures that have the potential to quicken business growth for insurers and to deepen the insurance penetration in India, says Mr Aggarwal.

For instance, the IRDAI's decisions this year to increase the maximum number of tie-up limits for corporate agents and insurance marketing firms have created a positive wave aiming at overall sectoral growth. This has laid a smooth path for insurance companies, corporate agents and insurance marketing firms and widens choices for policyholders.

In addition, the IRDAI's framework like the Regulatory Sandbox/Use and File procedure will also provide insurers with the space to test innovative products in a controlled manner. "The increased experimentation period from six months to 36 months will help us in improving test results," said Mr Aggarwal.

The IRDAI's one-stop solution Bima Sugam platform will provide unbiased comparisons to customers and will likely change insurance buying patterns. "It will be a big game changer for the end user and companies will also get an advantage," he said.

Looking ahead

Commenting on forthcoming developments, Mr Aggarwal said, "The Indian government has proposed changes to the two insurance laws — Insurance Act 1938 and the Insurance Regulatory and Development Authority Act, 1999.

"It proposes to eliminate the provision of the Insurance Act that mentions the minimum capital of INR100 crore ($12.1m) for life, general, and health insurance companies and INR200 crore for reinsurance businesses. The removal of the minimum capital requirement will invite a lot of micro and regional insurers to enter the insurance sector.

"Another proposal is to provide a composite licence to insurers that will allow life insurance companies to sell non-life products and vice versa. It will help companies to sell a combination of products catering to customers' needs and innovating new products. The challenge here is combining the different skill sets required to handle entirely different portfolios.

"The government has also proposed that insurers be allowed to sell other financial products which should be looked upon as an opportunity for the insurance agents to become a single point of connection for the customers seeking financial products as well as a measure securing them from unforeseen risks."

TOP

Outlook 2023: Here's what Insurance leaders expect from the year – The Economic Times – 6th January 2023

The year 2022 has been marked with milestone regulatory changes and significant Govt initiatives, which have presented the insurance industry with robust opportunities, policy support, various strategic partnerships and increased access to strategic investments.

Recent announcements by the regulator, IRDA, ensures giant strides in welcoming capital flows into the industry, along with ease in product innovations and enhanced distribution footprint.

The coming year of 2023, driven by the reforms and the burgeoning ecosystem of digital health, emergence of digital intermediaries across the entire customer lifecycle, increased insurance awareness and participation from 'Bharat' and SME sector adoption of insurance will accelerate across segments, said Bhargav Dasgupta – MD & CEO of ICICI Lombard General Insurance.

"We have renewed our vigour to innovate basis customer data and telematics, expedite the adoption of changing technologies like AI/ML, IOT and Big Data and create personalised and D2C products primarily for Gen Z, women and digital natives," he highlighted.

According to Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance, 2023 is the year where the industry is going to make a major move towards addressing customers present in semi-urban and rural parts of the country.

He sees a greater focus towards grass root activities aimed at increasing insurance awareness and penetration using Bimavahaks as the evangelists spreading the word of Bimavistaar a multipurpose risk mitigation policy is expected. "I foresee an easing of the regulations and multiple insurance companies being set up, and boosting customer choice, especially if capital norms are relaxed," he said.

An industry that has been on the fringes or side-lines for so long will come to the forefront, and help to creating employment opportunities, protect people financially, and have a much larger impact on society, he added. Singhel also sees continued use of technology to connect insurers with customers to offer solutions and services directly using Bima Sugam as the backbone. On the account aggregator framework side, a conscious drive by the industry towards understanding customers better, customising solutions and an increased capability to identify potential frauds ahead of time through use of AI is expected.

Life Insurance
Buoyed by the continual growth spurred by renewed consumer interest, in 2023, customer centricity will continue to be at the heart of all life insurance conversations, as per Prashant Tripathy, MD & CEO, Max Life Insurance.

"The life insurance sector will see many innovations in terms of offerings and deliver solutions in the form of retirement and guaranteed products to help customers overcome market uncertainties," he said. Additionally, he believes the rapid economic expansion supported by the digital infrastructure growth will play an important role in making life insurance accessible to the larger consumer base.

InsurTechs
Since the general insurance industry's focus on digital enablement this year, India has become the second largest InsurTech market in the APAC region. Adopting digital solutions along with simplified regulations is creating a favourable environment for insurtechs to innovate and create customised solutions for both insurers as well as end consumers, said Dhirendra Mahyavanshi, Co-founder and CEO, Turtlemint. "With shifts in consumer behaviour, we see the market for embedded and personalized insurance products will continue growing, and Insurtechs will play an instrumental part in this." he added.

Health Insurance
In the upcoming year, the Health Insurance sector should continue innovation in various aspects. Products are here to become more comprehensive, services are becoming more exhaustive and claims processing, easier, highlighted Ajay Shah, Director & Head - Retail, Care Health Insurance.

"Several trends like introduction of progressive features such as coverage for robotic surgeries, higher sum insured options, global, comprehensive coverage, zone-based premiums, coverage for Outpatient treatments, access to e-consultation, and fitness & wellness programs have also witnessed growth in the industry," he said.

Simultaneously, data-driven innovations and digital tools, such as artificial intelligence (AI), the internet of things (IoT), robotic process automation (RPA), machine learning, and blockchain, among others, will continue to aid in accelerating administrative tasks like underwriting, processing claims, managing customer queries etc, Shah added.

(The writer is Sheersh Kapoor.)

TOP

To augment incomes, bank mitras may be allowed to expand offerings – The Hindu Business Line – 4th January 2023

The Centre may in the coming days allow banking correspondents (BC) to undertake sale of customised third-party products on insurance and mutual funds as part of efforts to augment their incomes and improve the sustainability of the BC channel. On the drawing board are also plans to allow the BCs to expand its offerings around retail asset products and undertake sourcing/generation of application for several such products.

Lead generation of asset products including home loans, auto loan, personal loan and mudra loans are expected to be allowed, sources close to the development said. The government may also consider prescribing minimum compensation for different services to ensure economic viability of activity, they said. In order to build a sustainable ecosystem across the geographies, differential commission structure for rural/ semi urban and urban/metro centres may be worked out to ensure a level playing field.

To start with, Customer Service Points at urban/metro centres may be paid a differential Commission of 10 percent on transaction-based incentives. These recommendations have been submitted by a DFS appointed sub-committee headed by CS Setty, Managing Director of State Bank of India. DFS Secretary Vivek Joshi is expected to this week hold a review meeting with top bankers on the recommendations of this sub-committee, sources added.

The recommendations of the sub-committee should be music to the ears of lakhs of Bank Mitras (as BCs are commonly called) who are eagerly awaiting for measures to enhance their incomes and improve the viability of their activity. The BC Channel, it maybe recalled, was conceptualised to bring populace at last mile into formal banking fold. Now the government is looking to expand their bouquet of services that could be offered by them and also see if minimum compensation could be prescribed. There maybe also measures in the coming days to reform the commission sharing structure for the BCs to improve the viability of their operations.

(The writer is KR Srivats.)

TOP

SEZ, industrial cluster workers may get PF, medical insurance cover - Financial Express – 3rd January 2023

In a bid to expand social security coverage, the government is working to ensure that all workers in special economic zones and industrial clusters are brought under provident fund and medical insurance schemes.

As part of the PM Gati Shakti National Master Plan, workers of both organised and unorganised sectors working in these zones will be brought under the aegis of the Employees' Provident Fund Organisation (EPFO) and Employees' State Insurance Corporation (ESIC).

The Department for Promotion of Industry and Internal Trade and the Ministry of Labour and Employment are understood to be working on this. The DPIIT has provided a list of 268 SEZs to the Labour Ministry for conducting surveys of workers for their inclusion in the schemes. The exercise has been completed for about 31 SEZs. The EPFO has now been tasked with this exercise and to explore the possibility of covering all eligible establishments and enrolling their workers in the EPF scheme. According to official sources, it is hoped that the exercise will be completed in the remaining months of the current fiscal year.

The PM Gati Shakti NMP was launched on October 13, 2021 to provide multi-modal connectivity and also create employment facilities, especially for the youth. Ensuring that all workers in these zones have social security and insurance benefits is seen as a logical part of the move and also follows up on the government's focus to universalise social security benefits by expanding the coverage of the EPFO.

While SEZs in their initial years were exempt from the provisions of labour laws, they now have to follow all extant laws, experts noted.

Anshul Prakash, Partner, Employment, Labour and Benefits, Khaitan & Co noted that the central government in 2003 had relaxed the applicability of labour laws, including the EPF Act and ESI Act to the establishments situated in SEZs for a period of five years. However, the Ministry of Commerce and

Industry in 2015 had clarified that the central government shall have no authority to relax any law relating to the welfare of the labour in the SEZs and hence as such, all labour laws are applicable in SEZs.

Over the past few years, SEZs and industrial clusters have been holding awareness camps for employers to enable them to include workers under the ambit of the scheme, but this is the first such comprehensive exercise taken by the government. The EPF and Miscellaneous Provisions Act, 1952 applies to establishments with 20 or more workers.

The scheme had nearly 6.8 trillion contributing members in the last one year with 0.73 contributing establishments.

(The writer is Surabhi.)

TOP

How emerging tech can help Indian insurtech shift from legacy processes to automation - The Tech Panda - 3rd January 2023

The Tech Panda spoke to an expert about how far insurtech has come in India and how emerging tech can help it shift from legacy processes to automation.

The insurance industry in India has been a people-intensive offline business. It has been a business since before we even got independence. Today, India is moving towards a digital overhaul, while companies like GoDigit and Acko, have been pioneers to bring the digital revolution to the industry, there is still a lot more to be done. Even today, 90% of policies are sold offline.

"While we have managed to digitize quote and policy issuance, a lot of work needs to be done in the after-sales servicing for insurance policies," he says. Insurtechs are already looking at use cases for intelligent automation that will uplift the efficiency of the current processes and reduce operational costs at the same time.

"There are a lot of changes happening with good scope for automation in the insurance sector. Report data estimates that by the year 2025, up to 25% of the task force in the insurance industry may be merged or replaced, especially in operations and administrative support," he adds.

Indian Insurtech: Where does it stand?
But where does India stand in the insurtech ecosystem in comparison to global standards? Indian insurtechs are solving an age-old problem and it's very exciting to see where we are headed with this immense potential. However, the Indian insurance industry is under-penetrated, especially compared to the likes of the USA, says Chokhani. "The level of technological adoption in the Indian market is fairly high, but because of smaller penetration and ticket sizes, the larger focus in the industry has been towards distribution," he says.

This is one of the reasons why there is a large funding difference in insurtech between the US and Indian markets. The US Insurtech sector raised over US$6.5 billion in private funding in 2021, which is approximately 34% of all investments to date in insurtech companies. Indian insurtech on the other hand is quite young and filled with the potential to become one of the largest markets in upcoming years.

"There has been significant momentum in recent years, investor funding in Insurtech has doubled in the last two years. If insurance becomes as widespread and commonplace in India as it is in developed countries, then we should see India emerging as a leader in the insurtech space," he adds hopefully.

Will Indian Insurtech Become as Big as its FinTech?

While Indian fintech is on top of things (a space worth $179 billion), does the success extend to insurtech as well? While Fintech has reached the mature stage as an industry, insurtech is at an early stage, reveals Chokhani. "We have seen a lot stronger investment activity with funding for Insurtech companies doubling over the last two years. We also can see the regulator truly helping the industry grow using technology.

India has at least 66 insurtech companies and accounted for 35% of the $3.66 billion in insurance-focused venture capital invested in the APAC region, which are all impressive numbers. With 92.2 % protection gap still existing, I am certain that the insurtech space will be able to reach where FinTech today is in the next 10 years just like the Indian FinTech industry," he explains. "It's good to see that we have people with years of expertise in tech and insurance finally creating better insurance as well as financial protection for India," he adds.

Insuretech & Emerging Technologies

Usage of sensors and smart devices and the steady roll-out of 5G technology are driving the generation of a burgeoning amount of data, particularly in real time. Insurers can use this data for valuable insights to improve risk assessment and transfer as well as predict and prevent risk. Chokhani says emerging technologies like IoT, 5G, data science, and blockchain provide much scope for insurtech to become more automated industry.

IoT

"IoT has great potential in the insurance of equipment, such as machinery, electronic items and even vehicles (where it is called telematics). Mobile device insurance plans already have some amount of tech that allows the insurer to check the status of the device and the extent of damage done as part of the claims process, but there is further scope here," says Chokhani.

"IoT can also be a key component in parametric insurance, including lines like crop or downtime. IoT in general will need the industry to come up with new ideas to leverage its full potential, instead of trying to shoehorn it into existing cover constructs," he adds.

5G

5G networks can provide a large increase in bandwidth at the ground level, which can allow for more offline processes like documentation to be digitized easily. An inspection of a vehicle or an insured property can be done with just a smartphone, as 5G will allow the captured data to be transmitted and processed in real-time.

"Because India primarily relies on mobile data for its internet access, faster speeds and higher data limits should help increase the penetration of insurance. 5G is an enabler, allowing for further digitization and ease for the end customer. However, the push to leverage this has to come from the players in the industry, as by itself, 5G cannot make a difference," he explains.

Data Science

The insurance industry has been using data science since before the term data science was coined.

"New AI innovations in machine learning and OCR (a process that converts an image of text into machine-readable text format) subdomains are beginning to be adopted across the industry, but there is scope for more. Just like with IoT, the industry needs to start thinking about the best way to use emerging technology rather than sticking to the lens of their existing products and processes, and then seeing where things can be improved," he says.

Blockchain

Blockchain technology will likely bring about crucial efficiency profits, cost savings, transparency, faster payouts, and fraud mitigation while various parties will be able to share data in real-time in a trusted and traceable manner. Blockchains can also help new insurance practices to produce improved products and markets.

"Blockchain has applications in insurance, but all value-adding implementations will require cooperation among the industry participants, which usually means a push from the regulator/govt authority," he concludes. Technology transformed Indian FinTech into an industry to be reckoned with on a global scale. We can expect the same to happen in insurance, if everyone plays their cards right.

(The writer is Navanwita Bora Sachdev.)

[TOP]

Budget 2023: Section 80C limit change to tax-free pension/annuity – what insurers are expecting - Financial Express – 3rd January 2023

Budget 2023 expectations: With Budget 2023 just a few weeks away, the insurance industry is expecting big announcements in favour of policyholders and the sector.

"The Union Budget is an opportunity to introduce new reforms for the betterment of the citizens and the nation at large. As the life insurance sector, our paramount interest has always been to insure more citizens and ensure they have the apt coverage. Towards this, our collective initiatives will be augmented if the government may introduce a separate tax deduction limit exclusively for life insurance premiums paid," says Tarun Chugh, MD & CEO, Bajaj Allianz Life.

"Furthermore, we would also request that the government brings life insurance Annuity or Pension products at par with NPS, especially from a tax deduction point of view. This, we believe, will help citizens plan for regular income during their retired years, in an effective manner," he adds.

Here's a look at some top expectations of the insurance industry:

GST reduction
In spite of pandemic, the health insurance penetration in our country is very low. Due to such a low coverage, the cost of insurance becomes high. The insurance industry expects that in order to bring down its cost, GST rate should be reduced to 5% from 18%.

Additionally, 5% GST is charged on room rents exceeding Rs 5,000 per day by clinical establishments. Insurance companies, while settling health insurance claims, are required to include such GST in the settlement amount. A clarification is required as to whether such GST is available as Input Tax Credit to insurance companies.

"Incentives like a GST exemption or a reduced GST slab can further help in meeting the needs of consumers. Pension/annuity proceeds should be made tax-free in the hands of policyholders, or a deduction for the principal component should be allowed. Further, an aggregate deduction of up to Rs 1.75 lakh, for the premiums paid for life and health can be introduced to nurture the eco-system of insurers, insurtechs and consumers," says Satishwar B, MD and CEO, Aegon Life Insurance.

Increase in Deduction
"Currently, health insurance premium paid to cover individual members are allowed a deduction ranging from Rs 25000 to Rs 50000 It is requested that in view of the inflation, the current limit of maximum of Rs. 50000 may be increased to Rs 1,00,000 in order to induce people to take adequate cover of insurance," says Rakesh Jain, CEO, Reliance General Insurance. "Further, deduction of health insurance premium u/s 80D should also be allowed under the new tax regime," he adds.

Reduced tax rate
Insurance industry experts say that the benefit of a reduced tax rate of 10% on long-term capital gain (LTCG) above Rs 1 lakh should also be extended to the Insurance Sector.

Tax incentive on home insurance
Premium paid for Home Insurance against the risk of various disasters should be given as a tax incentive by way of deduction under Chapter VI A to promote Home Insurance, says Jain.

"The above measures will give relief to the existing policyholders and encourage our uninsured citizens to protect themselves with an insurance. Especially for the health insurance sector, it will help improve propensity of Indian population to avail timely healthcare thereby paving a way for a healthier country that is vital to our nation's long-term prosperity. Implementation of these tax benefits will also increase affordability of insurance products and augment insurance penetration in the country, giving a much-needed boost to the insurance sector," says Jain.

Tax-free pension
Vighnesh Shahane, MD and CEO of Ageas Federal Life Insurance says proceeds of pension should be made tax-free in the hands of customers.

"To increase the penetration of pension and to make India a pension society, especially since we don't have any social security cover, our request is to make pensions tax-free in the hands of the customer because the pension premium is already paid through taxable income. So, we recommend that the proceeds of the pension/annuity should be made tax-free in the hands of the customer or to allow deduction for the principal component," says Shahane.

"Alternatively, if we could have a separate bucket for pensions in the range of Rs. 50,000-75,000/- that would help to level the playing field with NPS," he adds.

Section 80C Limit Change
Shahane says that Section 80C of the Income Tax Act is currently cluttered with several investment options such as life insurance premium, PPF, ELSS, NSC, NPS, principal on home loan amongst others. If you are a salaried employee, most of it goes into EPF and PF. "So, we would recommend a separate bucket for life insurance policies or an increase in the limit from Rs. 1.5 lakh to Rs. 2-2.5 lakh. At least a separate section for Term policies would be helpful given the huge protection gap in the country."

Change in ULIP taxation
Insurance industry experts say that ULIP taxation should be simplified. As per a budget announcement a couple of years ago, for ULIPs with an aggregated premium amount of Rs. 2.5 lakh p.a or more, the maturity amount, which was earlier tax-free under Section 10(10D) of the Income Tax Act, became taxable. This should be reversed as it disincentivises big ticket investments.

TDS on insurance premium
Raising the TDS exemption limit on insurance commission (under section 194 D of the Income Tax Act) from the current level of Rs. 15,000/- would provide a greater impetus to insurance agents, say experts.

(The writer is Rajeev Kumar.)

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Insurance Firms In India Banned From Selling Policies Via Unethical Means: What Does This Mean? – Trak – 2nd January 2023

To address this issue, the ministry of finance has directed banks to put into action a strong mechanism to avoid such mishappenings as the ministry has been receiving many complaints that banks and life insurance corporations are adopting unethical means to sell insurance policies to customers. In a letter directed to the chairpersons and managing directors of state-owned lenders or public sector banks, the Department of Financial Services has asked them to roll-out strict mechanisms to oversee prevention of such means for selling insurance policies of subsidiary insurers to customers of the bank.

According to the latest annual report curated by the regulatory body – Insurance Regulatory and Development Authority of India or IRDAI, a total of 23,110 cases were reported in the year 2021-2022 for mis-selling of insurances to bank customers, while the count of such complaints stood at 31 for every 10,000 policies sold during the said year.

The percentage of complaints disposed in favour of complainant has climbed from 24% in the year 2020-21 to 27% in the year 2021-22, mentioned IRDAI's annual report.

"On the advice of IRDAI, insurers have also been taking the issue of mis-selling seriously by doing a root cause analysis to identify the major causes and have taken suitable steps to prevent or reduce mis-selling," the report noted.

Further, in the letter sent by the Finance ministry to PSU banks, it is suggested that 100% KYC compliance is insured during the sourcing of insurance business by the banks.

"In keeping with these guidelines, you are requested to issue suitable instructions to the concerned vertical of your bank for putting in place a robust mechanism for avoiding any unfair and unethical practices adopted by bank and the franchise Life Insurance Company for procuring life insurance policies from bank customers," the letter read.

(The writer is Rohit Kulkarni.)

TOP

2023 promises to be a transformative year for insurance sector – Zee Business – 2nd January 2023

The year 2023, like its predecessor, is going to be action packed and transformative for the Indian insurance sector given the far reaching legal and regulatory changes proposed/made, said top industry officials.

They also said the macroeconomic factors may have an impact on the purchase of life insurance covers in the short run.

The amendments proposed to the Insurance Act 1938 and the Insurance Regulatory and Development Authority Act 1999 proposed by the Indian government alters the basic architecture on which the industry grew over the past 20 plus years.

Scrapping of the statutory Rs 100 crore startup capital for life, general and health insurance business and Rs 200 crore for reinsurance business, allowing different kinds of insurers including captives, changing the investment provisions; allowing insurers to provide services related or incidental to insurance business and distribute other financial products as specified by and subject to regulations. are some of the major amendments proposed by the Indian government to the insurance laws.

Welcoming the proposed amendments, Niraj Shah, Chief Financial Officer, HDFC Life Insurance Company, told IANS that it is important from the perspective of overall development of the sector.

"Another key change proposed is allowing insurance companies to distribute other financial services products. This has also been an ask from HDFC Life and would give the industry the ability to earn fee income by leveraging our existing distribution architecture to offer a one stop solution to customers," Shah said.

"The proposed regulation on composite licences -- insurers allowed to sell life and general insurance policies -- may result in expanding business lines for insurers and a potential increase in M&A (mergers and acquisitions) activity," he added. However not all in the industry are in favour of the proposed amendments.

The existing players want the government not only to retain the existing minimum capital but also increase the same taking the inflation into consideration. The industry is also not in favour of other amendments like allowing multi-level marketing and others.

Be that as it may, on the inflation and the rate hike by the Reserve Bank of India (RBI) and its impact on the life insurance sector Shah said the interest rate movements can potentially impact the consumption and purchase of long term protection products in the short run.

"Over a medium to long term, life-stage products such as annuity and protection are relatively insulated from such factors," Shah said. According to Shah, the life insurance sector is expected to grow faster than the nominal gross domestic product (GDP).

TOP

Key InsurTech Trends in 2022 - The Economic Times – 31st January 2022

Insurance in India is among the premium sectors that have been experiencing growth. As per reports, it is the fifth largest life insurance market across the world and growing at a rate of 32-34% year on year. The sector witnessed huge growth in the life and health insurance categories, post-Covid, as consumers understood the significance of insurance protection. Besides this, technology has been a key driving force and one of the primary instruments in making insurance penetrate into 'Real Bharat'.

In the current day scenario, insurance is undergoing multi-stack innovations with cutting-edge technologies like AI/ ML, data analytics, and Robotic Process Automation which is giving the sector a new face altogether. Technology is changing the entire end-to-end process of insurance today. From giving consumers multiple options of insurance products to choose from, to providing contactless/ paperless processes, and quicker claim settlements; everything is driven by technology today.

Added with this, Covid pushed the world towards a cultural shift to digital. Indian InsurTech sector was well positioned to handle the sudden boom of digital integration into the business. The last two years have been very fruitful for the InsurTech industry- newer innovations, industry tie-ups, mergers and acquisitions, InsurTech unicorns have taken the industry by storm. Some key trends in 2022 have been: Telematics in Insurance: The trend has been booming rapidly in insurance today, where telematics is amalgamating telecommunications and informatics to understand consumer behaviour. With telematics, different devices and apps are being used, especially in the motor and health insurance category, to evaluate the user behaviour, which in turn is helping insurance companies provide better services, individual underwriting, which is saving costs both for the insurers and the insured. The trend of telematics is growing in India, where insurance will become more and more user-based, this means consumers will get insurance premiums based on their usage.

Insurance has become more personalized: Digital channels have made insurance more of a personalised experience, much like the e-commerce virtual platforms. Big data, followed by artificial intelligence and machine learning has made insurance more customised for consumers wherein, granular data techniques help companies offer insurance products as per the requirements and capacity of each individual. With the IRDAI introducing 'Use and File' (U&F) reform this year, it is a well-timed move, as it is expected to improve the ease of doing business and address the rapidly increasing industry demand. It will further help in product customization, as insurers can now launch products, on emerging product lines without much wait.

Insurance advisors taking the digital distribution route: 2022 witnessed more insurance advisors join the digital distribution bandwagon. From buying a policy, claim settlements, renewing of policies, everything has become optimized and real time. With digitization, insurance advisors have been helping consumers understand and buy the right insurance, from a plethora of choices and they can do it from the comfort of their home. The year witnessed good influx of insurance advisors move to InsurTech based distribution companies. This has also led to increased productivity and income earning potential of the insurance advisors. Digital transformation has also accelerated consumer connect, where tools like chat-bots, social media, apps, live chats, automated notifications and reminders are increasingly helping build the advisor-consumer connect.

Reaching to Smaller Markets: Insurance companies have started focusing on entering in the smaller pockets of the country. With the advent of digital, reaching out to the smaller towns and cities is now a possibility for insurers and they are joining hands with InsurTech distribution companies to reach out those underserved population. While, this is just the beginning, it is a transformational trend, as majority of the 'To be insured' population lies in the smaller towns and cities. In the coming years, majority of the consumers buying insurance will come from the smaller districts; that is when the insurance gap will truly start getting bridged in the country.

This year has been very eventful for the insurance sector. Even when the entire industry went through a downturn, insurance has been booming. The sector is witnessing growth in customized products, tech integrations, quicker end-to-end processes, easier and faster claim settlements. In the next few years, the entire industry will move from the traditional insurance model and technology will drive the next wave of Insurance in the country, as well as on a global level.

(The writer is Indraneel Chatterjee.)

TOP

Key trends and developments that redefined the Indian insurance industry in 2022 - Financial Express - 31st January 2022

The insurance industry has undergone numerous transformations in terms of new developments, modified regulations, proposals for amendments and growth in 2022. These developments have opened new avenues of growth for the industry while ensuring that insurers stay relevant with changing times and the latest digital disruptions. The IRDAI is vigilant and progressive and is determined to achieve its mission of 'Insurance for all by 2047', with aggressive plans to address the industry's challenges.

In the global space, the Insurance sector is embracing cutting-edge technologies such as machine learning in the automation of claim management, personalized insurance pricing with the Internet of Things, and Telematics for car insurance. While in the case of India, according to the India Fintech Report 2022, Artificial Intelligence (AI) /Internet of Things (IoT)/ Machine Learning (ML), automated claims, web aggregations, e-commerce insurance marketplaces, Software/White Label/Application Programming Interface (APIs) and embedded insurance are being offered by various insurtech players in the market, given the on-going digital boost in the sector. The IRDAI's expectations from the sector hint at its aim to push technological advancements and innovation in the industry.

Here's a quick recap of the 2022 key trends and developments that can potentially change the face of the Indian Insurance and Insurtech segment.

Permission for insurance companies to invest up to 30% of assets in BFSI sector: With this reform in place, insurers can optimize their investment strategy, thereby giving potentially higher investment income in their profit and loss statement. The domino effect may be seen in more eased-out claim settlement policies, eventually translating into a better claim reimbursement experience for the end customers.

Proposal to reduce the INR 100cr. Minimum entry cap for insurers: Easing capital requirements will help create a specialized or mono line for segments like motor and properties. Policyholders will be offered a wider array of competitively priced and technologically innovative products, and the insurance sector will witness greater competition, job creation and transparency. This can also give birth to micro- or specialised- insurance companies in the fields of agri, SME, travel, consumer electronics etc.

Extension of the "Use & File" procedure by the IRDAI: This norm carries the much-needed promise for the insurance sector, as it offers more scope for product innovation and customization, faster go-to-market speed, facilitates conducting a pilot in smaller groups and study the adoption, thus overall influencing the penetration rate positively.

Proposal for the launch of the Bima Bharosa Platform: The platform will be crucial from the customer's point of view, considering it will act as a single source of information for them. It will enable tracking an existing complaint and filing a new one, which will build trust between customers and insurers and increase data authenticity.

Pay as you drive amendment for motor insurance: This reform allows customers to enjoy reduced car insurance premiums, along with the installation of a free telematics device to measure kilometres and report one's car's health. It also offers much-needed flexibility and customization options for the plan as per customers' preferences.

Proposal to launch Bima Sugam: The proposed regulator-supervised platform will introduce standardization across the industry, bringing more transparency and helping reduce mis-selling and fraud risk instances. On the agent and insurer side, it will bolster their credibility and support early startups while testing the waters with innovative covers like OPD covers.

IRDAI's proposal to launch a composite insurance license: The proposed composite Insurance license will bring numerous benefits to the industry, including permission for portfolio profitability – long-term sustainability of programs, better product creation, with a mix of health and life covers, better return on investments on tech and more.

Tie-up limit for intermediaries increases by 3x: From now on, The potential and current policyholders can have access to a much broader choice while shortlisting the perfect policy for themselves. The new tie-up limit for CA is nine insurers, and IMF is six for each line of business of life, general and health insurance leading to not just huge variety but also more competitive price offerings for the end audience.
A testing environment for the Insurance companies: Small-scale experiments will now be a possibility for a regulated sector like Insurance. As per the new guideline, The Regulatory sandbox will enable the testing of innovative products, technologies, etc., in a controlled regulatory setting with a maximum experimentation length of 36 months. The mid-way approval process will also enable a faster go-live of new innovative products in smaller batches rather than awaiting the final big release. The customer experience is undoubtedly on an upward move basis the mentioned.

In 2023, the insurance industry will need to continue the momentum with impactful transformations. Technology-enabled customization and transparency are expected to boost the need for insurance in India's tier 2 and tier 3 cities in the upcoming years. Distribution of policies through bundling also has the potential to become a major source for acknowledging customers' needs and boosting the sale of policies. According to various industry reports, cloud computing, data and analytics, automation of claims via telematics technology, and applied Artificial Intelligence are some of the key technological disruptions that are bound to impact the insurance industry in the near future significantly.

(The writer is Mayank Gupta.)

TOP

2023 Insurtech Industry Outlook: What does the upcoming year hold? – Live Mint – 31st December 2022

With the increasing adoption of technology across all sectors, insurance companies are leaving no stone unturned to join the bandwagon. Emerging insurance technology trends such as Artificial Intelligence (AI), Machine Learning (ML), the Internet of Things (IoT), and cloud computing are swiftly swapping conventional systems with modern, improved workflows. But the silver lining is, these technologies are facilitating data-driven, secure, and automated solutions for services like fraud detection and claims processing.

It does not stop at this! There are more transitions taking place in the industry with every passing year than what meets the eye. Below, we have compiled a list of key trends that will change the face of the Insurtech industry. Some of them have prevailed for a few years already and are likely to stay in the long run, but others have emerged recently and are certain to fortify the field for the better.

1. The Arrival of New Entrants

The ongoing winter session of parliament suggests that the proposed amendments to insurance laws that were tabled in the budget are most likely to bring about major changes in the insurance sector, which will transform the way the industry operates. In turn, this will enable insurers to undertake both general and health insurance through a single entity. And while this does present robust financial security to the policyholders and opportunities for new players to enter the market, it also can impede the functioning of several existing and established insurers. Regardless, the industry is bound to be faced with stringent competition.

2. Every Penny Will Count

As we head towards 2023 and in the era of advanced processes, insurance regulators are becoming increasingly strict over time. In fact, the scope of intervention and regulation has widened more than ever before. With an intent to protect the interests of policyholders, regulators are largely focusing on addressing the need for insurers to act more fairly, while propelling customers to be more informed and clearer on their coverage, and choose plans that best suit them.

3. Modern Technology's Influence on the Industry

The Insurtech industry is already experiencing and will continue to undergo rapid adoption of AI, Blockchain, and IoT through 2023 and 2024. The integration of these technologies will result in improved claim processing, personalized insurance services, highly reliable data storage and transmission, increased automation, better operational efficiencies, effective customer services, and increased customer loyalty. Consequently, this will benefit insurers to improve the accessibility of insurance solutions, boost their penetration in different markets, process more claims, and enhance their services.

4. Mainstreaming Blockchain

The main reasons for the adoption of blockchain technology are its ability to enable quick data sharing, coupled with security and transparency. For an industry that deals with huge volumes of sensitive customer data, followed by incessant payment verifications and claim settlements, the cryptographic protection methods associated with blockchain make things easy and reliable.

5. Embedded Insurance Will Drive Additional Growth

Embedded insurance, which accounts for an estimated $3.7 trillion market potential, is gaining momentum within the insurance industry. Embedded insurance bundles coverage or protections with the transactions of another product or service. This not only boosts the affordability and accessibility of insurance services but also helps improve customer engagement and risk removal in the process.

In the ongoing changing times, an otherwise conventionally-operating insurance industry has found better ways to do business by leveraging modern technologies. In 2023 too, the industry will evolve at the same pace and embrace the "new normal". While this may not be easy, a majority of insurance companies will manage to chart a way forward toward the future of insurance – where the customer is at the core of everything.

(The writer is Kinshuk Chaturvedi.)

TOP

INSURANCE REGULATION

Irdai to allow insurers to auto renew FRN of cross border reinsurers – Business Standard – 5th January 2023

The Insurance Regulatory and Development Authority of India (Irdai) has decided to consider allowing domestic insurance firm to auto renew the file reference number (FRN) of cross-border reinsurers (CBRs), provided that the CBRs meet the criteria laid down by the regulator for obtaining such a renewal. Currently, FRNs are allotted by the insurance regulator on an annual basis. The CBRs play a significant role in the insurance ecosystem by providing reinsurance support/capacity to insurers. An insurer has to ensure that the CBR meets, inter alia, the rating requirements under Irdai (Reinsurance) Regulations, 2018 and acquires the FRN, before placing any business with it, the regulator said in a circular.

"After considering the feedback and inputs from the task force on non-life insurers and reinsurers, and the working group on ease of doing business, it has been decided to consider auto-renewal of FRNs by the insurer itself, provided such CBRs meet the required criteria as specified hereafter," the regulator said. This is in line with the regulators' vision to provide ease of doing business to insurers and reinsurers so as to facilitate the development of the insurance industry in the country. The facility for auto-renewal would be available for FY24 and beyond. Under Irdai guidelines, an insurer can generate FRNs on its own for the CBRs that qualify for auto-renewal. Those CBRs that do not qualify, would have to obtain FRN on an annual basis.

In order to generate FRNs for qualifying CBRs, insurers have to ensure that the latter's credit rating is not less than Standard & Poor's A- or equivalent. Also, the CBR's latest credit rating should not be prior to 12 months from the date of application for auto-renewal. Further, an insurer must ensure that CBR has been allotted an FRN by the authority in the financial year preceding the one for which the application has been made. For fresh file registration numbers, CBRs that meet the eligibility criteria under the extant regulations would qualify as 'Eligible CBRs' while those who do not qualify would be classified as 'Non-Eligible CBRs'. Consequently, any insurer wishing to place reinsurance business with a CBR would have to file an online application with Irdai at the CBR portal, for have the FRN allotted to the reinsurer under the above two categories. After examining the insurer's submissions, the regulator would allot a system-generated FRN. Irdai has clearly specified that insurers cannot place reinsurance business with any CBR without a valid FRN. And, once an FRN is allotted to a particular CBR, it shall not be used by another insurer for placement of reinsurance business with such CBRs.

(The writer is Subrata Panda.)

TOP

LIFE INSURANCE

You can combat inflation & market volatility with Ulips – Financial Expres – 4th January 2023

With changing lifestyles and evolution of life goals, it has become important to re-evaluate investment strategies and create a financial portfolio that supports modern aspirations. This also entails using money to earn returns in addition to traditional savings.

Unit Linked Investment Plans (Ulips) are life insurance plans, which offer the dual benefits of life cover and investments. The protection element is the underlying insurance cover while the investment element is that portion of the premium that is invested by the life insurance company on behalf of the policyholder as per customer's fund choices. Being a long-term savings instrument, Ulip provides benefits of compounding and wealth generation depending upon the fund options chosen by the policyholder.

Investing in equity and debt

The premiums paid by the policyholder are invested in various funds across equity and debt instruments and part of the premium additionally goes into providing life cover. Equity funds of Ulips may be able to take advantage of market fluctuations and also combat inflationary pressures.

Investing in regular equity through Ulips helps in mitigating the impact of losses due to market volatility. They offer the flexibility to switch between equity and debt funds as per the risk appetite of the policyholder. Hence, compared to other investment avenues, Ulips help build a diversified set of investments and flexibility to align with life goals.

Ulips are special types of investment that can be used to meet long-term financial objectives and protect loved ones' futures. As it necessitates regular investments, it promotes disciplined investing. A long-term plan like Ulip gives a better chance of availing compounding benefits. One should invest in Ulip plans for at least 10 to 15 years or more to meet the target of the high corpus.

Automatic rebalancing

The funds underlying Ulips are managed by a group of in-house fund managers and the policyholder has to select a fund based on the returns expected and risk appetite. Besides the funds, there are various investment management options for the policyholder to choose from, such as those in which the funds are automatically rebalanced as per the objective of the policyholder and hence the policyholder does not have to track and time the market.

Ulips provide the opportunity to create wealth for the future through disciplined and periodic investment into different funds over a tenure aligned with the policyholder's future financial goals.

The writer is appointed actuary, Canara HSBC Life Insurance.
LONG-TERM BENEFITS
n A long-term plan like Ulip gives a better chance of availing compounding benefits
n The premiums are invested across various funds in equity and debt instruments
n A part of the premium goes into providing the policyholder life cover

(The writer is Akshay Dhand.)

TOP

Should NRIs Buy Term Life Insurance in India? – PersonalFN – 3rd January 2023

In the back of our minds, we all, especially those who are the family's sole breadwinners, think about our loved ones' financial safety in our absence. We all are aware that the only thing that can financially protect our family when we will no longer be available is life insurance. This is why life insurance is an important investment, as it compensates against financial loss suffered in case of the unfortunate demise of the breadwinner.

Many of us have lost our family members and friends during the horrific covid-19 period. While the threat of covid-19 has reduced, life's uncertainty remains the same. Therefore, buying a life insurance plan is considered a crucial investment for NRIs, especially those who stay in a foreign land away from their family but want to ensure the financial stability of their loved ones even when they are not around.

Buying a life insurance policy had been a daunting task for NRIs. However, the Foreign Exchange Management Act has made it possible for Non-Resident Indians (NRIs) to take life insurance in India. While several types of life insurance plans are available in the market for NRIs, term insurance or term plan is considered the purest form of life insurance that provides maximum coverage at an affordable premium. This article elucidates whether NRIs should buy a term life insurance policy in India and why.

Term Life Insurance is basic life insurance that provides coverage for a certain period called 'term'. In case of the insured's demise, term insurance provides financial coverage to the nominee. The policyholder is required to pay the premium for the chosen term, and failing to pay the premium on time can result in a lapse of a policy. The term life insurance premium largely depends upon the policyholder's age, sum assured, and the policy term. The policyholder's location, health, profession, lifestyle habits, and medical history are also considered while calculating the premium.

Under the Foreign Exchange Management Act (FEMA), NRIs and PIOs (Persons of Indian Origin) are eligible to purchase term life insurance or other life insurance policies in India, regardless of where they are staying. Since NRIs live across the world and have different financial requirements, the term insurance should be based on their specific needs. Therefore, most life insurance companies in India offer customised term insurance plans to NRIs. Furthermore, NRIs are free to pay the policy premiums in Indian Rupee or any other foreign currency specified in the issued life insurance policy through an NRE, NRO, or FCNR bank account.

Here is how buying a term life insurance policy from India can benefit NRIs:

1. Cost-effective term plans:

The biggest benefit of buying a term insurance plan from India is its cost. The term insurance premium in developed countries like the USA and Singapore is 40% to 60% higher compared to India.

So, considering the policy term and the yearly premium, buying a term insurance policy in India helps NRIs save a significant amount on the total premium outgo. The cost of add-ons and riders is also considerably lower compared to the cost in developed countries.

Besides, it could be difficult for the NRIs to find an insurance policy that can cater to their requirements in a foreign land. However, by purchasing the policy in India, they obtain life insurance that is specially catered to their needs.

2. The convenience of medical examinations:

To buy an online term life insurance policy from India, the NRIs need to undergo a medical examination in the country of residence. The medical examination reports are sent to the insurer in India, and the insurer makes the final decision on issuing the policy and the premium amount after reviewing the results.

Notably, many leading insurers allow their customers to undergo video or telemedical exams to buy a term insurance policy. Besides, it is mandatory for insurers in India to cover death occurring at any place if the policy was purchased from India.

However, if the insurer requires you to undergo a medical examination in India, you will have to do it on your own. Hence, while choosing the policy, you should consider this cost, and it makes sense to buy such a policy when you are already in India.

3. Taxation:
Another advantage of buying term insurance in India is that you get several tax benefits from your life insurance policy. As per Section 80C and 10(10D) of the Income Tax Act, premiums paid, maturity benefits, and death benefits are tax-free, subject to terms and conditions.

However, you may have to pay tax on income received abroad, depending upon the prevailing tax rules in your country of stay. Furthermore, there is no Tax Deducted at Source (TDS) if the NRIs provide valid Form 10F and Tax Residency Certificate (TRC).

Here are the required documents that an NRI generally needs to provide to buy term insurance in India:

- Application/Proposal Form
- Passport copy
- Age proof
- Income proof
- Copies of medical records
- Medical examination reports
- Photograph
- Questionnaire for NRIs

Apart from these documents, you are also required to pay the first calculated premium amount.

To conclude:
Buying a term life insurance policy is crucial to ensure the financial security of your family in case of your unfortunate demise. Buying a life insurance policy from India has several benefits compared to buying it abroad. However, the availability of hundreds of life insurance plans can make choosing the right plan a daunting task. Hence, it is advisable to compare different term insurance policies considering various aspects, such as policy coverage, add-ons, riders, other benefits, premiums, claim settlement ratios, convenience to buy and renew the policy, customer service, company's goodwill, etc. The time you invest in choosing the best-suited term plan is worth more than ending up with the wrong policy and regretting it later.

(The writer is Ketki Jadhav.)

TOP

More women seek life cover in encouraging trend – The Hindu Business Line – 30th December 2022

The sales skew of most financial products is decidedly male, but in an encouraging trend, women are now increasingly showing interest in taking life cover. They are also playing an important part in selling insurance.

According to the latest data of Insurance Regulatory and Development Authority of India (IRDAI), the number of policies issued to women in 2021-22 was around 1.01 crore which is 34.7 per cent of the total 2.91 crore policies. This is marginally higher than in 2020-21, when women’s share of life insurance was 33 per cent.

Life insurance is available to women on the same terms as that of men, subject to their income-earning capacity. If anything, women get the better deal, according to insurers, as their life expectancy is higher. Interestingly, LIC managed to attract more women with 36 per cent of its policies sold to the fairer sex, while in the case of private life insurers, it is 29 per cent.

Can the ratios be improved? "There is a need for life insurers to recognise the growing significance of women's population in the economy, identify their special needs or requirements, if any, and develop suitable product solutions to provide adequate life insurance coverage," IRDAI noted in a study on women and life insurance.

Female sales force
Women have made a mark not just as policyholders but also in marketing insurance products. About 7 lakh women are working as agents in the life insurance industry, making it 29 per cent of the total individual agency force.

Out of the total number of women agents, the share of private life insurers is 52 per cent and LIC is 48 per cent. Among the private life insurers, Max Life Insurance has the highest percentage of women agents at 42.5 per cent, followed by Ageas Federal Life Insurance at 42.4 per cent and SUD Life Insurance Co. Ltd. at 41.7 per cent.

(The writer is G Naga Sridhar.)

TOP

GENERAL INSURANCE

The perks of buying travel insurance online – Financial Express – 4th January 2023

After nearly two years of unprecedented curbs on movement and travel, the skies finally started opening up earlier this year. Travel enthusiasts across the globe could finally go beyond planning – they could make reservations and fly. Along with this reinvigorated zeal for travel, came a heightened need for proper security arrangements. The Covid-19 pandemic brought out a whole new aspect of why travel insurance is important. Sudden lockdowns, quarantine requirements, and recurrent pandemic waves necessitate that every avid traveller has appropriate travel insurance.

Now, the question arises – what is the best and easiest way to get your travel insured? In the post-Covid world, the power of digital processes cannot be underestimated. Buying travel insurance online is a great idea, here is why:

Fair comparison of plan features
They say information is power. This is certainly true when it comes to buying insurance. It is vital for the end user to know their options and choose from them according to their individual needs. When you set out to buy your travel plan online, you get an unbiased view into all the plans out there. You get to transparently see which product benefits you get. You have to follow a simple, four-step process. You just have to enter details like destination, preferred dates and number of travellers. And voila, you get to select a plan customized to your requirements. The entire exercise doesn't take more than 10 minutes.

Access to the lowest-priced options
It can be confusing to go into the fineprint of your policy pricing and know if you will be getting your money's worth. When you do this part of the process online, you get access to know all your options across the cost spectrum. You can just click and get insight into the features of each plan in light of how

much it will cost. So, you get to unabashedly compare the cost points and choose the one most relevant to your requirements.

Thorough assistance with claims
The real moment of truth for any policyholder is claim settlement. Sometimes, claims get stuck for the smallest of reasons like gaps in documentation. In such a scenario, the policyholder is left to fend for themselves. Digital is a very trackable medium. You can always ask the 24X7 claim support team to resolve your claim issues. From arranging documents to following up with the insurance provider – everything is taken care of by this team. The service is truly end-to-end as they even assist policyholders with cashless hospitalization in international countries.

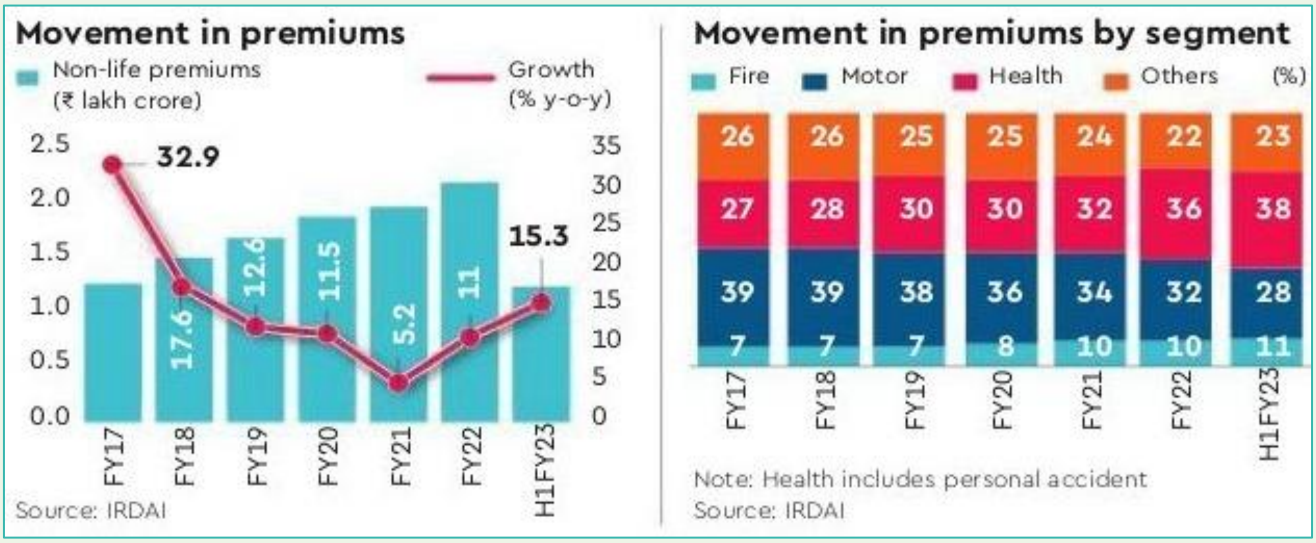
Instant issuance – to support last-minute plans
As thrilling as traveling is, planning it can sometimes get hectic. It is common for travelers to get so caught up with their preparations that they have very little time left to buy a suitable travel plan. This is why online travel insurance now comes with the benefit of instant issuance. When you are through with all the other to-dos and are at the airport – you can buy your policy then and there. All you need is to hop on to the concerned website and buy the plan you need within a few clicks. All in all, in today's day and age when information is readily available on the internet, it is always advisable to take matters into your own hands and buy your policy digitally.

(The writer is Amit Chhabra.)

TOP

Non-life insurance premiums to grow 13-15 percent health to cross Rs 1 trn in FY24 - CareEdge Rating – 3rd January 2023

Backed by rising per capita income level, better production novation and customization, strong distribution channels and rising financial literacy, the non-life insurance industry witnessed a CAGR of nearly 11.5 percent in its total premium to over Rs 2.2 billion on for FY22, from Rs 1.3 billion in FY17, according to a CareEdge report. In H1FY23, the industry grew 15.3 percent YoY, compared with a 12.6 percent growth in H1FY22. Health and motor segments were major contributors with around 66 percent to 28 percent share in gross direct premium between FY17 and FY22. Health and motor segments altogether had 66 percent share in non-life insurance premium in H1FY23, while fire contributed 11 percent to the gross direct premium.



To read complete report please click on below link – https://www.careratings.com/uploads/newsfiles/03012023053405_Non-Life_Insurance_in_India_-_A_Long_Term_Structural_Growth_Play.pdf

TOP

Centre discusses insurance coverage for fisheries with stakeholders – Live Mint – 31st December 2022

The union ministry of fisheries, animal husbandry & dairying recently discussed on the issues faced regarding insurance coverage for fisheries and aquaculture with industry stakeholders and sector experts. On 29 December, the department of fisheries, organized a national Webinar on "insurance coverage for fisheries and aquaculture", which was presided by Jatindra Nath Swain, Secretary, department of fisheries (DoF) attended by farmers, fishermen, entrepreneurs, fisheries associations, officials of department of fisheries, officials of different states, faculties from state agriculture, veterinary and fisheries universities, fisheries research institutes, fisheries cooperative officers, among others.

A statement from the ministry said that, Jatindra Nath Swain noted that that fundamental issue is the lack of understanding of the concept of insurance amongst the stakeholders and suggested that necessary outreach and capacity building programmes should be undertaken to build trust to attract private and other global insurance players to the fisheries sector. He highlighted that most of the stakeholders who demand insurance policies are from the marine sector and briefed about the Group Accident Insurance Scheme (GAIS) provided by the department of fisheries. He said that necessary legislative provisions may be incorporated in the Marine Fisheries Regulation Acts (MFRAs) as a first step to gradually enhance the adoption of fisheries insurance.

Sagar Mehra, joint secretary, highlighted the coverage of capture fisheries insurance and aquaculture insurance policies adopted across various countries in Asia, Africa, Europe and Americas for industrial and smaller fishing vessels and large aquaculture operations among others. L.N. Murthy, Senior Executive Director, NFDB explained about the multiple opportunities of the sector and stressed upon the threats posed by the fishers and fisherfolks such as threats during fishing at sea, threats in culture practices among others.

He explained about the insurance products which have proven to be beneficial for them. He also insisted upon the formulation of the insurance products by universities and academic institutions. He said that sustainability, profitability and productivity are the way forward for the fisheries sector.

TOP

HEALTH INSURANCE

Health cover sales up in rural areas – The Times of India – 6th January 2023

Sale of health insurance policies in semi-urban and rural markets is increasing with private insurers seeing a spike in the number of people opting for such covers. Rising cost of healthcare services, demand from the micro-insurance segment and post-Covid awareness are cited as major reasons.

Kotak Mahindra General Insurance has more than doubled its rural policies from 13% in FY20 to 32% till September of the current financial year (FY23). During the same period, the number of lives covered also rose to 25% from 11%. The general insurer's senior executive VP & chief technical officer N Ravichandran said, "This can be attributed to the right product fitment and robust demand from the micro-insurance segment," he said.

Niva Bupa Health Insurance, with a coverage of over 11.6 lakh policies as of November 2022, saw growth of over 160% in the number policies since December 2019. Currently, 7% of its policies are in rural areas.

In light of increasing awareness post-pandemic and demand for health insurance, the company is expanding its footprint in smaller towns. Director & chief actuary Vishwanath said people have realised the importance of access to quality treatment without financial burden. "Also, the rising cost of healthcare services and overall medical inflation in the country have further made health insurance an absolute necessity," he added.

Star Health and Allied Insurance CMD V Jagannathan said the desire to take insurance in the rural sector is increasing since the pandemic. The leading standalone health insurer has over 23% of its share of policies and lives covered from the rural segment.

Data from insurance regulator Irdai reveals 91% of offices of general and health insurance companies are located in tier-1, -2 and -3 cities, while smaller towns and villages account for remaining 9%. Reliance General Insurance CEO Rakesh Jain said the rural population is predominantly covered under the socio-economic schemes of the Centre or state governments. Hence, the penetration of retail health products is comparatively lower in the rural sector.

(The writer is Yogesh Kabirdoss.)

TOP

Debunking common myths about health insurance in India – The Economic Times – 4th January 2023

India is set to overtake China as the most populous country by 2023, as per the UN's World Population Prospects 2022 report. But despite rising population numbers and the importance of health of the population in fuelling the growth of a nation, India is among the countries with lowest health insurance penetration in the world. As per the data released by OECD, World Bank Data, CRISIL Research, HSIE Research, the penetration of health insurance (measured as the percentage of insurance premiums to GDP) in India in 2019 was a mere 0.4 percent, compared to 0.7 percent in China and 4.1 percent in the US.

Some of the major factors behind the low health insurance penetration levels in India include low awareness levels, lack of affordability, and limited reach and availability of options for various segments of the population. Of these, the lack of financial literacy and low awareness levels about health insurance policies and related terms remain the top reasons why the vast majority in India fail to understand the importance of a health insurance policy, particularly in the face of rising healthcare costs and change in lifestyle leading to more health risks. While the Covid-19 pandemic has helped people understand the criticality of a comprehensive health insurance plan, there's still more that needs to be done to create awareness about the way health insurance in India works and debunk many of the common myths and misconceptions that continue to plague customers about health insurance policies.

Here's a look at some of the common myths and misconceptions that people have about health insurance policies and why you need to understand them better to ensure your personal and financial well-being:

Myth#1: Indian insurance companies do not give claims
Most people refrain from buying health insurance policies because they fear that the process of claim settlement is a tedious one and that insurance companies do not settle claims easily. However, that is not true, the IRDAI annual report states that during the period of 2020-21, insurance companies settled around 95-97% of the insurance claims. Besides, many insurance companies also offer cashless claims, making the entire process more seamless and convenient for customers. For example, Reliance General Insurance's health insurance policy has a 98% claim settlement rate and guarantees cashless claims within two hours. Also, in certain instances like for example the non-payable expenses, insurance claims

might not cover the full expenses. Examples of non-payable claims include consumable, toiletries, cosmetics, convenience items, and certain non-medical charges among other things. However, you might be able to buy out of such covers at an additional cost.

Further, insurance claims might be rejected in scenarios like going beyond the sum insured, or claiming insurance for diseases mentioned under the exclusion section, submitting incomplete documents, or non-disclosures, partial disclosures, and wrong disclosures of important details etc. But if all your paperwork is in place and properly filled then your claim will be processed without any hassles.

Myth#2: Conditions like cancer and diabetes are not covered
Cancer and Diabetes are covered in most of the health insurance policies available in the market. However, if the diabetes and cancer are existing prior to purchase of the policy, one may have to complete the pre-existing waiting period before the same gets covered. However, if the diseases are not pre-existing to policy purchase, there is no waiting period and gets covered right from diagnosis unless part of specific waiting list. Most health insurance policies today cover the major costs related to in-patient hospitalisation, diagnostic testing, and medication costs, among other things. Some health policies also provide these covers as add-ons, so it is best to check with your insurer about all the benefits offered under your policy before you sign up for one. You can also explore the possibility of reducing the pre-existing diseases waiting period by selecting suitable add-ons in your health insurance policies. If you have a family history of cancer or diabetes, you could also opt for a specialised health insurance cover meant specifically for these conditions.

Myth#3: Corporate group health insurance plan provided by employer is enough
People often think that the corporate group health insurance plan provided by their employers is enough to cover all their medical needs. However, not only do you lose the benefits under the group policy when you switch organisations, but most of these policies cover only the employee. So, if one wishes to extend the cover to his/her family members, he/she needs to pay an additional premium. A regular health insurance plan, on the other hand, provides you coverage without a break when you change jobs, while enabling you to enjoy all the benefits earned so far on successive in-time renewals of the policy. You can also opt for the Super Top Up health plan offered by the Reliance General Insurance which covers the balance amount payable for medical bills after you have paid the deductible, that is the fixed expense that you must pay despite having a health policy. You can buy this Super Top Up/top-up plan even if you do not have an existing health policy and they are relatively much cheaper.

Myth#4: Health insurance in India is expensive
Health insurance in India is perceived to be quite expensive, prompting many customers to avoid taking up a health policy for fear of the extra burden on their finances. Contrary to this popular belief, health insurance policies can be quite affordable to purchase. The IRDAI guidelines allow people to pay their policy premiums in quarterly and half yearly instalments.

For instance, there are several insurance players in the market and Reliance General Insurance is one such leading insurance player that provides policies at an affordable pricing and with premium financing options similar to the ones offered while buying consumer goods at an electronic shop. Besides, you can also avail tax deductions on your health insurance premium payments, a fact that most people are unaware of. The Indian Government provides tax relaxation for health insurance premiums under Section 80D of the Income Tax Act, 1961.

Myth#5: People who smoke and drink alcohol are not eligible for health insurance
You may have often heard people say, ‘I am a smoker so I won’t be eligible for a health insurance plan’ or ‘I drink alcohol so I can’t avail a health policy,’ but neither of these statements are true. If you smoke or drink alcohol, you may have to pay a slightly higher premium for your health insurance policy, but you can still avail one. Some insurers may ask you to undergo a health examination before offering you a plan, but most insurance companies are only concerned with pre-existing medical conditions, which you must declare at the time of applying for the policy.

Myth#6: Alternative treatments are not covered
Alternative healthcare treatments like Ayurveda, Homeopathy, Unani, etc have a have a huge demand in a market like India. And to cater to this growing popularity of these alternative treatments, some insurance companies also offer cover for such healthcare treatments. Many of them often provide this cover on request by customers, so make sure to ask your insurer about the same. It's important also that you read through all the terms and conditions thoroughly and get a clear understanding of what each of them implies before deciding on a healthcare plan. In 2012-13, IRDAI had issued a regulation, suggesting insurance companies start covering alternative healthcare treatments. The healthcare policies offered by Reliance General Insurance cover AYUSH treatment up to 100% of sum insured and have a vast network of cashless hospitals across the country.

Myth#7: Hospital networks are available only in big cities
Another common misconception surrounding healthcare insurance policies is that their hospital network is available only in large cities, but that isn't true. Most insurance companies have a wide network of hospitals extending deep into the tier-2 and tier-3 cities across the country. At the hospitals covered under your insurers Hospital Network you can easily avail cashless treatment facilities and for hospitals not covered under your insurers hospital network you can opt for reimbursement. Reliance General Insurance, for example has a worldwide network of over 8,600 hospitals under its Super Top-Up Insurance plan, wherein the policy holders can easily avail cashless treatment facilities. It even covers for facilities like air ambulance when you are travelling abroad. And not just this, you can now avail the benefits of your health insurance policies in hospitals across the globe.

TOP

Shedding light on insurance for newborn – The New India Express – 4th January 2023

National Paediatric Surgery day was observed at Sri Ramachandra Hospital with an awareness programme on the need for medical insurance for to-be born and newborn babies. Dr Prakesh Agarwal, HoD, Paediatric Surgery and Dr Ramesh Babu, Paediatric Urologist, and N Dakshinamurthy from Star Insurance addressed the gathering.

At Star Insurance, women can take up a policy before marriage and have their husbands included later. If pregnant women take it, a scan report is needed. Assisted Reproduction Treatment is also admissible in the policy.

TOP

Delving into the growing demand for global health insurance covers by MNCs - The Economic Times - 2nd January 2023

With the global economy rebounding smartly and business activity returning to pre-Covid levels, multi-national corporations (MNCs) have reinstated overseas and domestic business travel for their employees after a long hiatus. However, the World Health Organization (WHO) continues to urge countries to adopt Public Health and Social Measures (PHSM) to limit the spread of new iterations of the coronavirus, necessitating entry restrictions, quarantining, and testing of all international travellers. In this context, frequent travellers such as MNC employees are at the highest risk of contracting illnesses and ought to have a comprehensive health insurance cover that can cover medical and/or hospitalization expenses anywhere across the world.

Differing from a travel insurance cover that provides for emergency hospitalisation during short international trips, a global health insurance cover provides wider coverage and is far more beneficial for those who travel abroad frequently or deputed for short to long term. While MNCs are known for providing their employees with superior health protection plans that cover their entire family, very few of them opt for a global health insurance cover to protect their jet-setting employee base. However, with the COVID-19 pandemic reinforcing the importance of having a comprehensive health insurance at all times to provide financial protection from medical exigencies, a trend reversal is gradually taking place in the Indian market.

Previously the preserve of only high net-worth individuals (HNIs), a number of Indian insurers & specialized foreign insurers are now offering global health insurance covers with a sum insured starting from as low as ₹5lakhs and going to as high as $2 million. What's more, they offer customization options to suit nuanced requirements and provide access to quality treatment at network of private and public medical facilities in a host of countries. Providing a range of additional benefits such as medical evacuation coverage, out-patient care, diagnostics and even repatriation to the home country, global health insurance plans offer complete peace of mind for both the MNC and the employee. As a result, more MNCs are switching over to global health insurance coverage for their employees, instead of opting for a domestic plan and combining it with travel insurance for every business trip.

With these policies also covering medical expenses in the home country, MNCs MNCs can upgrade either all of their employees or selected ones for a global health insurance cover at additional premium amount and guarantee their employees' health and safety. These plans come with assured medical benefits irrespective of the country being travelled to and require the policy holder to notify the insurance provider post hospitalization and not prior to it. Moreover, by establishing a network of renowned hospitals that have been vetted for the medical treatment and facilities provided, employees can be assured of receiving the best medical care even when far away from home.

Therefore, MNCs operating in India would do well to safeguard those employees who travel frequently or are deputed for short to long term, with a comprehensive global health insurance cover. Policy coverage should be taken to include all applicable countries of travel or deputation. Full disclosure with respect to the employee's age, pre-existing illnesses and medical history should be provided. This will ensure all applicable benefits are provided in case of a medical or health emergency. Declaration of geography of stay or visit should be made as applicable premiums change for different geographies, this is because regulatory compliances, with respect to health cover, differ from country to country. It is imperative that the health cover provided complies with the local regulations.

After all, in today's fast paced world where international travel has become a necessity rather than a luxury, there is no higher priority than securing the health of one's employees and their loved ones in any corner of the globe.

(The writer is Anil Varma.)

TOP

Focus on higher profits, digitisation, insurers hope for better health infra to support growth – The Hindu Business Line – 2nd January 2023

The Covid pandemic brought with it greater awareness regarding the need for health insurance boosting business for such insurers in 2022 even as they battled higher claims, technological disruptions and regulatory changes.

Even as pandemic-related claims subsided in the second half of the year, health insurers continued to witness elevated claims due to Covid -related health issues, deferred surgeries and delayed chronic treatments.

Health covers

On the other hand, health insurance sector also saw a greater technological adoption with the use of telemedicine and electronic health records. On the regulatory front, reforms pertained to enhancing access to health insurance, inclusion of transgender people, and the addition of mental illness and alternate therapies to health covers.

"The last two years fostered newer, innovative health insurance offerings and products that included telemedicine, diagnostics, etc. Customers also displayed a newfound interest in health insurance, which resulted in higher premium collections as well," said Satish Gidugu, CEO at Medi Assist.

Digitisation

With greater emphasis on digitisation, advent of the Bima Sugam platform and shift in IRDAI's approach to more principle-based regulations, the focus of the health insurance industry going into 2023 is on improving the ease of doing business and product innovation.

Some of the initiatives such as 'use and file' will provide greater flexibility and encourage innovation to introduce customised products for specific customer segments, said Krishnan Ramachandran, MD and CEO of Niva Bupa Health Insurance, adding it will also help address the ever-evolving health needs of customers.

'Insurance for All'

The regulatory and government push on 'Insurance for All' through means such as bringing primary care under the fold of insurance, and expectations of life insurers being allowed to sell indemnity-based health products is expected to enhance growth opportunities for the sector, industry participants said. Tier-2 and tier-3 cities are investing more in healthcare, and there is also an increase in private sector investment, with the government encouraging expansion of private hospitals and clinics, said Aniruddha Sen, Co-founder at Kenko Health. However, challenges such as a shortage of healthcare professionals, high medical costs, and inadequate infrastructure continue to persist.

Others highlighted the need for increased co-ordination between insurers and healthcare providers and development of the overall health ecosystem for health insurance to grow in 2023. "Focus on population health, funding, infrastructure building in terms of facilities including primary care, PPP, and digital capabilities including ABHA ID are absolutely critical to creating an enabling environment for the sector," said Mayank Bathwal, CEO, Aditya Birla Health Insurance.

(The writer is Anshika Kayastha.)

TOP

Advice to first-time health insurance buyers – Deccan Herald – 1st January 2023

The intermittent recurrence of Covid has started impacting lives yet again with the new Omicron subvariant, BF.7 causing an uptick in cases. This has once again brought the spotlight on the significance of having an adequate health insurance policy. Keeping this in view, the regulatory authority of the Insurance Regulatory and Development Authority of India (IRDAI) has also recently reached out to insurers to take a stock of their preparedness. Amid the fresh spurt in cases, having a sound financial safety net is of utmost importance.

However, if you are someone who's going to buy health insurance for the first time, it can be a bit perplexing to know what makes your policy truly comprehensive. Here's a checklist that you can follow to zero in on the right health insurance plan –

Type of policy

While deciding on a health insurance plan, you will ideally have to select between two options-individual or family-floater. The former covers each individual member and has separate premiums and sum insured. In the latter, the coverage is for all family members under one plan, and the premium and the total sum insured are shared. If you have dependent parents and/or a spouse, it is advisable to get the family floater. It will reduce the insurance expense and increase the coverage as a group. As the children grow up, it is recommended to have an individual policy for every member.

Sum insured

This has to be the most critical aspect of your policy and so, it should be chosen wisely. Sum insured is the maximum amount an insurance company will pay the insured in case of a health claim. Given the rising medical inflation, one should always opt for higher sum insured, especially in metro cities.

Fortunately, there are now policies that offer a cover of Rs 1 crore for a premium of about Rs 1000-1200 per month. The other factors to consider are family medical history, pre-existing diseases, etc while deciding the sum assured.

Age
Purchasing a health insurance policy at a younger age, preferably as soon as you start earning, is recommended. This is because insurance premiums are charged based on the policyholder's existing age and diseases. Therefore, the earlier you buy, the lower the premium and the more affordable the insurance. Additionally, the chances of benefiting from the no-claims bonus, i.e., an incentive to stay healthy without availing of claims, are comparatively higher at this age. Not to forget, buying at an older age limits your choice of plan and increases your premium.

Comprehensive coverage
For the best health insurance policy coverage, it is advisable to choose features that cover maximum blind spots, especially as Covid intensifies once again. Hence, select pre- and post-hospitalisation, OPD, day-care procedure coverage, consumables coverage, domiciliary hospitalisation, preventative medical check-ups, ambulance coverage, etc.

Waiting period and PED
Regardless of age, the peril of being impacted by diseases has increased due to lifestyle choices like smoking, an unhealthy diet, and inactivity, increasing the risk of cardiovascular disorders, diabetes, lung and chronic, etc. Hence, when purchasing a health insurance plan, be aware of the waiting period, which may range from 3–4 years, as during this time, no claims can be filed for critical illnesses or pre-existing diseases (PED). Thus, choose plans that cover PED from the first day or within 30 or 40 days of the policy's purchase.

Claim settlement
Claim settlement is considered the moment of truth. Here's what you can keep in mind for a better claim experience –
1. Go for a plan that has a broader list of network hospitals so that cashless claims are available.
2. Select an insurance company with higher claim settlement ratio. A ratio of 95-98% is regarded as ideal.
3. Never hide even the smallest detail from your insurer at the time of purchase to avoid the rejection of claim.

To conclude, with Covid-19 making its way back with different variants, it is vital to have a health insurance policy to ease out your financial burden. So, follow these golden rules before you select your plan, and always compare the features, inclusions, and exclusions of various policies online and read the terms and conditions.

(The writer is Siddharth Singhal.)

[TOP]

Will your health insurance premium rise in 2023? – Business Insider – 31st December 2022

Insurers have seen a steep rise in claims recently, primarily driven by an increase in hospitalisation, critical illnesses, and monsoon-related ailments, such as Dengue and Malaria. Consider this, ICICI Lombard General Insurance claim ratio in Q2FY23 jumped to 82 per cent compared to 74 per cent in the previous quarter. Similarly, Star Health Insurance's claim ratio increased from 67 per cent to 68 per cent in Q2FY23.

During the Covid period, all insurers saw a sharp jump in their claims because of increased hospitalisation. However, it was expected to come down to pre-covid levels once cases start declining. But insurance companies say not only elective surgeries the frequency of even regular medical and critical cases has increased post-covid, which may be due to long COVID.

Will this rise in claims lead to an increase in health insurance premium rates in 2023? "Retail health is a long-term portfolio. Therefore, you need to constantly monitor the portfolio outcome in terms of its experience. And at different points of time, wherever the need arises, you need to make effective price revisions." says Gopal Balachandran, Chief Financial Officer and Chief Risk Officer at ICICI Lombard. The last price revision that ICICI Lombard did was in the third quarter of 2021 where average premium was increased by 8 per cent.

Experts say while the claim ratios were largely stable in the first two quarters of the calendar year 2022, they have seen a steep increase starting September onwards. The increase is due to high incidence rates across certain sets of ailments, especially planned surgeries and critical ailments leading to overall high claim ratios for the industry as a whole.

"Premium revisions are predominantly linked with medical inflation which in turn is a function of several factors like rising costs, new advances in medical treatments, technologies etc. These factors are ever present in a growing economy like India and hence will continue to impact health insurance premiums as every insurer revises the price periodically for each product. However, a pandemic like Covid has brought about a multitude of changes in the treatment protocols which in turn have also impacted the costs. If these changes are permanent, then these factors could also impact the premiums in the long run. Insurers carry out premium pricing or repricing basis the overall sustainability of the premium rates subject to Insurance Regulations issued by IRDAI," says Prasun Sikdar, Managing Director and Chief Executive Officer at ManipalCigna Health Insurance Company.

Going forward if the claim frequency continues to rise, especially with the looming fear of next wave of Covid-19, one can expect another rate hike soon on health insurance policies.

(The writer is Teena Jain Kaushal.)

TOP

Health Insurance Industry Trends of 2022 and Industry Outlook of 2023 – The Economic Times – 30th December 2022

Recent times have seen a sea change in the general perception towards securing one's health and healthcare at large. With the Indian insurance industry growing at a CAGR of 17 per cent over the last two decades, it is expected to continue its growth trajectory in the coming years as well. In fact, the standalone Health Insurers are expected to grow by over 25 per cent in FY22-23 due to the increased reception among the masses towards having health security. Growing demand for intelligent, seamless, and flexible service has made the availability of new products and models imperative and there have been several trends that have appeared in the year that has gone by.

Automation & Digitisation

The Indian health insurance industry is undergoing a digital transition as an outcome of technology adoption across different sectors. With the application of Artificial Intelligence and Machine Learning, claim servicing has improved drastically. In a bid to introduce decentralisation in the process, blockchain technology has been improved which now allows faster access to data, lower administration cost, and a higher quotient of privacy & security.

Further to this, with the usage of e-KYC processes, Health Insurance policies can be purchased from home through online portals, apps and websites. Tracking, measuring and controlling risk has also become easier.

Giving mental health insurance a priority

As per the directions by The Insurance Regulatory and Development Authority of India (IRDAI), covering mental illness has become mandatory for all health insurance companies from November 2022. Understanding the importance, Health Insurance companies are giving prime importance to mental health illness. This means that people who have a documented history of clinical depression, sociopathy or psychopathy, and other types of mental illness are also given health insurance by the insurers. Professional consultations and access to meditation applications are now also covered under mental healthcare services.

Innovation in health insurance

As more and more people become aware of securing their health with a comprehensive Health Insurance policy, there are increased initiatives to innovate and launch more customer-centric products. This has led to the addition of various new age benefits like high Sum Insured options, global coverage, zone-based premium pricing, coverage for daycare treatment and OPD cover. Companies are investing in digital platforms that ease the process of claims for both the customer and the insurer and building AI & rules around it so that they can auto-adjudicate routine claims. The focus is to emphasize customer needs and offer customised solutions. Areas such as the rise in penetration of insurance in Tier-2 and Tier-3 cities, the emergence of a national health stack, and women-specific health insurance are also driving innovation in the sector.

The rise of Telemedicine

The National Teleconsultation initiative 'eSanjeevani' has enabled access to healthcare in the remotest of areas. In December 2022, this initiative crossed the milestone of 8 crore teleconsultations since its inception three years ago. As per the instructions by the Insurance Regulatory and Development Authority of India (IRDAI), claims related to telemedicine have to also be settled by insurers. Timely telemedicine has thus been made successfully possible by the collaboration of insurers and virtual care providers even in the remotest of areas in India.

Industry Outlook for 2023

As tech solutions are gaining ground in the health insurance industry, innovative solutions to provide a user-friendly, efficient and streamlined customer experience will continue to make progress. Use of novel technologies like the Internet of Things, Artificial Intelligence (AI), Blockchain, Machine Learning, and Big Data analytics is set to witness exponential growth.

In 2023, the cost of healthcare is expected to rise globally due to inflation, continuing economic uncertainty and increase in healthcare consumption. Willis Towers Watson, a British-American insurance advisor company has projected the cost hike to hit a 15-year high. The health insurance industry in 2023 will be utilising its complete potential, creating more space for innovation and opportunities. As insurers become smart and swift, a lot of cumbersome processes are set to become easier leading to improved customer service.

(The writer is Ajay Shah.)

TOP

Should you relook at your health insurance in light of new covid variant? – Outlook – 29th December 2022

The resurgence of a new Covid-19 variant in China has understandably left all worried. The second wave in the middle of 2021 was severe in India and led to massive shortage of beds and oxygen cylinders alike, making the cost of Covid-19 treatment extremely prohibitive. While medical experts say there is no need to panic yet, it might make sense to revisit your existing health policy in light of the Covid-19 scare.

Notably, the Insurance Regulatory and Development Authority of India (Irdai) has also asked insurers to give discounts on renewal premiums to those who have taken three shots of the Covid-19 vaccine. IRDAI has also asked insurers to settle Covid-19 claims at the earliest with minimum paperwork. The regulator has also asked insurers who are providing a cashless policy.to ensure that their empanelled hospitals are prohibited from taking deposits for Covid-19 hospitalisations.

Says Bhabatosh Mishra, director underwriting, products and claims, Niva Bupa Health Insurance: "We are abiding by the regulator's recent order to consider giving discount on renewal of policies for customers who have taken three shots of Covid19 vaccine. We are actively supporting our customers who are opting for renewal of their policies."

Says Bhaskar Nerurkar, head – health administration team, Bajaj Allianz General Insurance: "Infections caused by the Covid-19 virus are managed the same way as illnesses caused by other infectious diseases, and hospitalisation for such infections is therefore covered by indemnity health insurance policies. For the previous two years, insurers have paid out on every single Covid-19 claim, regardless of the type of virus variant that was involved."

That said, here are a few things one must keep in mind. Have adequate sum assured: During the second wave, there were situations where family floater covers turned out to be inadequate, as multiple members of the family got infected and required hospitalisation at the same time.

"They should use this opportunity to evaluate whether they have adequate health insurance, besides the employer cover, as well as whether their cover continues to be the most efficient for them, considering the features that they need from the insurance coverage," says Vishal Dhawan, CEO and founder, Plan Ahead Wealth Advisor, a Securities and Exchange Board of India (Sebi) registered investment advisor.

One could also port their existing cover or go for a super-top up policy . If one has an employer-provided insurance , one can get a personal health insurance plan. Renew your policy on time: It is also crucial to renew your policy on time so that you continue to remain covered.

"Last year, India had the highest medical inflation rate in Asia, at 14 per cent, and the impact of the last two versions that we have seen suggests that you can avoid having to wait longer for increased coverage if you renew your policy on time," says Nerukar.

(The writer is Meghna Maiti.)

TOP

MOTOR INSURANCE

SC guidelines aim to make process simpler, quicker – The Tribune – 2nd January 2023

THE guidelines issued by the Supreme Court to the police regarding motor vehicle accidents are aimed at addressing the procedural hassles in insurance and compensation claims. The top court's directions come in the wake of the inordinate delay in disposal of cases of motor accident claims. The police departments of all states have been directed to set up specialised units and post trained officers in every police station within three months. After registering the FIR, the Investigating Officer has to submit the First Accident Report within 48 hours to the claims tribunal. This would have details of registration of the vehicle, driving licence, fitness of the vehicle, permit and other specifics.

If carried out as mandated, the time-bound exercise can lead to better coordination for simpler and quicker disbursal of claims. Focused police intervention can also allay insurance companies' concerns of false evidence being planted. The police, the Bench has reiterated, have to act as facilitators for all the stakeholders: the victims, the claimants and the insurance providers. The General Insurance Council and insurance companies have been asked to follow the mandate of law. The state authorities have been told to develop a joint web platform to reduce legal disputes. Lack of insurance literacy is a weak point for the majority of the customers. The fine print that is difficult to comprehend works to their disadvantage.

Conservative figures put at five lakh the motor accident claims reported every year. As cricketer Rishabh Pant's accident has shown, road safety needs to be highly prioritised. Overspeeding, wrong-lane driving, jumping the traffic signal and haphazard parking can have fatal consequences, but these violations go largely unchecked. The basic lack of understanding of traffic rules and road signage, as well as the aggressive behaviour on roads, has to be tackled on a war footing. Erring drivers are taken to task, but there is rarely any action against road safety officials who fail to do their job.

TOP

2022: A year of innovation for motor insurance – Financial Express – 31st December 2022

The year 2022 will be remembered as the one when the world got back to normalcy after a long battle with Covid-19. Even as we continue to make a strong comeback, there's no denying that mobility has been changed forever. To match pace with this transition, motor insurance too has undergone a massive change this year.

The regulatory authority's progressive outlook has enabled this transformation where motor insurance no longer follows a one-size-fits-all approach, but has become more customisable. The IRDAI is evidently embracing technological advancement, and introduced many worthwhile propositions and customer-friendly policies that facilitate digitisation. The launch of the usage-based motor insurance add-ons or pay-as-you-drive (PAYD) policy is a landmark step for the consumer.

To explain, it entitles policyholders to customise their insurance plan by setting a mileage limit based on a predefined usage slab. Once specified, the premium is charged basis the kilometres driven rather than a standard premium. The lower the limit, the higher is the discount. For example, if you carpool five days a week, you can limit the usage accordingly and not pay for unused miles. Some insurance companies also offer discounts of up to 25%, subject to the annual mileage opted for and the odometer reading.

Technology at its best
It was a year when technology was utilised to cater to personalised consumer needs. In new-age policies, the premium is not only decided basis how much you drive, but also depends on how well you drive—insurance firms use technological tools and telematics devices (a tracking device or a mobile app) to track usage and driving habits. They analyse your risk based on how responsibly you drive (after examining backend algorithms).

For example, if you don't violate traffic rules (like jumping traffic lights or over-speeding), this indicates you are less prone to accidents, and therefore eligible for lower premium. Based on the plan you opt, you can get incentivised for good driving habits, which is a first for the motor insurance industry.

A year of innovation
Quite innovative in its approach, the policy allows you to switch your own damage cover on or off based on your needs. In this case, the third-party coverage will continue throughout the policy period. But if the policy is inactive or off, no coverage will be offered for accidental damage to the car.

Likewise, if you are worried about exceeding the defined kilometres, it still provides for third-party cover, while the insurer may reject the own-damage claim or ask you to pay some amount. Often, the insurer offers the option to add more kilometres. Also, if you have multiple cars, there are family floater plans available that cater best to your needs.

To recapitulate, 2022 was truly a year of innovation for the motor insurance industry and, undoubtedly, has set the right tone for the year to come. Hopefully, the industry will see more such progressive and customer-oriented policies in 2023.

(The writer is Ashwini Dubey.)

TOP

PENSION

EPFO likely to come out with another detailed circular on higher pension – Financial Express – 5th January 2023

With a lack of clarity on how to implement its guidelines on part of the Supreme Court order on higher pension, the Employees' Provident Fund Organisation is expected to issue a more detailed circular on the issue. While the EPFO had last week issued a circular for accepting applications of subscribers who had contributed on higher actual wages but whose request for a higher pension was denied, field level offices have said the guidelines are not clear enough.

"There is no clarity on how to include all the subscribers who will put in requests based on the circular. We are getting a large number of queries but are unable to respond to them for now," said an official. Further, there is not enough staff to deal with the huge number of applications that are expected to pour in, said R Krupakaran, General Secretary, All India EPF Staff Federation. "The number of people working in the pension division is very small and more people would be required for responding to all the applications," he said.

ALSO READ
With confusion prevailing amongst members of the EPFO as well on how to apply, sources said the EPFO is likely to come out with more detailed guidelines soon. The retirement fund manager had last week said that pensioners who, as employees, had contributed to the Employees' Pension Scheme on salaries exceeding the then prevalent wage caps of Rs 5,000 and Rs 6,000 and had jointly applied with their employers for such a contribution, but whose request was declined by the PF authorities, can now apply digitally or online on the EPFO website.

The Supreme Court in its ruling in November 2022 had upheld the Employees' Pension Scheme amendment of 2014, giving another opportunity to subscribers to opt for the higher pension payout. Employees who were existing EPS members as on September 1, 2014 can contribute up to 8.33% of their 'actual' salaries — as against 8.33% of the capped salary — towards pension. However, this part of the order has been suspended for six months, during which time the legislature may bring in amendments to generate additional source of funds to the EPS Scheme.

Anshul Prakash and Deeksha Malik of Khaitan & Co in a note said that the EPFO circular focuses only on those members who, while being members on the said date, also went ahead and opted for higher contributions during the 6-month timeline but were not allowed to do so by an authority of the EPFO. "It is for this reason that several employees and their representative bodies have already expressed concerns over the manner in which EPFO has dealt with the directions of the apex court, which had allowed such facility also to Non-Opting Members as of 1 September 2014," they said.

(The writeris Surabhi.)

TOP

NPS death claim: Video-based identification allowed for verification of legal heir, nominee – The Economic Times – 5th January 2023

The Pension Fund Regulatory and Development Authority (PFRDA) has decided to permit intermediaries to use technological intervention by using Video Based Customer Identification Process (VCIP) as an additional due diligence mechanism for verifying the nominee, claimant, and legal heir while processing the withdrawal claims in case of the demise of NPS subscribers.

According to a PFRDA circular dated January 4, 2023, "In line with the technological advancements and for ensuring seamless exit claim processing, it has been decided to allow the intermediaries to use technological intervention by using VCIP as an added due diligence mechanism for verification of the nominee/claimant/legal heir while processing the withdrawal claims in case of death of NPS subscribers".

PFRDA, via a circular dated October 6, 2020, had given intermediaries permission to use the Video Based Customer Identification Process (VCIP) for any NPS-related services, including onboarding and exit. PFRDA has received representations from intermediaries requesting that VCIP be used to facilitate the processing of withdrawal claims in favour of nominees/claimants/legal heirs owing to the untimely death of NPS subscribers, stated the most recent PFRDA circular.

How nominee's credentials can be verified
By strengthening the process's security in terms of the confirmation that the nominee/claimant/legal heir is the same person who submits the documentation for processing the claim and by keeping a video record of the transaction, VCIP supports the intermediaries' current due diligence efforts. Using Aadhaar e-KYC or DigiLocker, the nominee's credentials can be verified.

According to the latest circular, "the process is optional for use by the intermediaries. However, PFRDA advises PoPs, especially Online PoPs to use the emerging technology for enhanced due diligence and error free/ timely processing of claims. NPS Trust may also use the above process while processing e-NPS death claims."

"All the intermediaries are hereby informed to use Instant Bank Account Verification through penny drop for the purpose of verifying claimants' bank account information as part of claim processing which allows independent verification of Bank Account and name matching," the circular stated.

The intermediaries who, in addition to being registered with PFRDA, are also registered with other financial sector regulators are permitted to follow the VCIP guidelines issued by those regulators for carrying out for NPS-related activities as well, in order to prevent the intermediaries from being burdened further by the introduction of this facility. However, the intermediates who are entirely registered with and subject to the control of PFRDA will adhere to the rules set forth by PFRDA for carrying out VCIP, as per the release dated October 2020.

(The writer is Sneha Kulkarni.)

TOP

EPFO staff, pensioners seek clarity on circular to implement Supreme Court verdict – The Hindu – 1st January 2023

The headquarters of the Employees Provident Fund Organisation (EPFO) is likely to come up with yet another circular on implementing the recent Supreme Court order on higher pension. The employees in the EPFO have sought further clarifications on the circular released by the EPFO Head Office on December 29 that laid out certain procedures for submitting "options" for eligible pensioners and employees covered under the EPFO. The activists on pensioners' rights had also voiced concerns against the circular.

The All India EPF Staff Federation secretary general R. Krupakaran said the circular, based on the verdict, has given the green signal to exercise the option to claim for higher pension for people who are currently working too. "We have not sent or processed any 'options' as of now, but definitely our work will increase manifold in the coming days. Since the limit of salary is just ₹ 15,000, more and more workers are likely to opt for this scheme of higher pension. A proper guidelines must be made available to all EPFO offices," he said.

The Federation had given a detailed representation to the EPFO authorities on the delay in framing the guidelines for implementing the Supreme Court order. "The circular is silent about the proper implementation of the Supreme Court verdict. It has also failed to communicate how new applications have to be processed," he said, adding that without a new clarification, the process of adding "options" cannot be completed in a proper manner. Mr. Krupakaran said that at present, EPFO offices are working with a small number of people in the pension sections. "Recruiting more people is the only solution. Without more staff, the EPFO will not be able to satisfy the requirements of pensioners and workers," he added.

Activist for pensioners' rights, Parveen Kohli, feared an attempt to hide the real facts from the Supreme Court as certain review petitions have also reached before the court. He said the December 29 circular is "just to confuse everyone", and for trying to escape contempt of court. "The EPFO is supposed to comply the paragraph 44 (ix) of the judgment within eight weeks from November 4. It is a fact that the R.C. Gupta judgment has already been implemented through the circular dated March 23, 2017, and the pensions of 24,672 employees who retired before September 1, 2014 has also been revised. This fact had been suppressed by the EPFO from the Supreme Court," Mr. Kohli said.

TOP

New EPFO members: Women outpace men – Financial Express – 31st December 2022

More women seem to be joining the formal sector workforce in recent years. The percentage of new women subscribers to the Employees' Provident Fund Organisation (EPFO) has risen from about 21% of all new members in 2018-19 to 26.5% in April-October this fiscal. Anecdotal evidence also supports the trend.

Of the 13.9 million first-time subscribers to the EPFO in 2018-19, over 2.92 million were women. While the number of women subscribers dropped in subsequent years in line with the fewer entrants to the scheme, it has been picking up again since 2020-21, with the current fiscal showing sharper growth. Of the 7.13 million new subscribers between April and October 2022, 1.89 million were women.

The months of June and July 2022 were even more striking with new women subscribers rising to over 0.3 million and 0.31 million, respectively.

The numbers, though small, are still significant given the low female worker population in the country. The Periodic Labour Force Survey has indicated that labour force participation for women has improved to 21.7% in the July-September 2022 quarter from 19.9% in the same period last fiscal.

The EPFO data indicates that new female subscribers are joining more at the entry level in the age groups of 18-21 and 22-25. For instance, of the nearly 0.2 million first-time women subscribers in October 2022, about 0.1 million were in the ages between 18 and 25 years.

The EPFO data does not provide industry-wise data on male and female subscribers. However, experts suggest that segments like telecom and EV manufacturing are seen to be hiring a large number of women. Retail is another segment where more women workers are hired.

Mahesh Bhatt, chief business officer, TeamLease Services, also noted that the data indicates that more women are getting job opportunities at the entry level. "Entry-level jobs are being offered to women across sectors. In some manufacturing sectors, over 60% of the workers are women," he said, adding that many companies have realised that women tend to be more reliable and responsible workers.

From the month of April 2018, the EPFO has been releasing payroll data covering the period September 2017 onwards, based on the Aadhaar-validated Universal Account Number.

(The writer is Surabhi.)

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EPFO starts implementing top court's order on higher pension – Financial Express – 31st December 2022

In what could bring cheer to subscribers, the Employees' Provident Fund Organisation (EPFO) has issued guidelines to implement a part of the favourable Supreme Court ruling in November, on employees who had contributed on higher actual wages but whose request for a higher pension was denied. Pensioners who, as employees, had contributed to the pension scheme on salaries exceeding the then prevalent wage caps of Rs 5,000 and Rs 6,000 and had jointly applied with their employers for such a contribution, but whose request was declined by the PF authorities, can now apply digitally or online on the EPFO website.

The application would have to include documents showing proof of joint option verified by the employer, proof of remittance in PF and pension on the higher wage over the prevalent wage ceiling, as well as written refusal by the PF official to the request. Regional PF commissioners will deal with all applications and a weekly report would be sent to the zonal offices, the EPFO has said.

"...field offices are directed to implement the directions contained in para 44 (ix) of the judgement dated November 4, 2022 of the Supreme Court within the stipulated timeline and to ensure adequate publicity of the decisions taken by EPFO to implement the said directions," it said in a circular.

In its ruling last month, the Supreme Court had upheld the Employees' Pension Scheme amendment of 2014, giving another opportunity to subscribers to opt for the higher pension payout. Employees who were existing EPS members as on September 1, 2014 can contribute up to 8.33% of their 'actual' salaries — as against 8.33% of the capped salary — towards pension. However, this part of the order has been suspended for six months, during which time the legislature may bring in amendments to generate additional source of funds to the EPS Scheme.

Para 44 (ix) of the ruling relates to the earlier RC Gupta case, where a cut-off date of eight weeks was given to implement the directions for employees who contributed on higher wages and had exercised the option for the higher payout, along with their employer, but their request was denied and their contribution was refunded. The EPFO guidelines, however, do not deal with other pensioners.

The 2014 amendment of the EPS had hiked the pensionable salary with a cap of Rs 15,000 per month from the earlier Rs 6,500 per month. Employers and members had to contribute 8.33% of the actual salaries towards the scheme, if it exceeded the cap. All EPS members, as on September 1, 2014 were given a six-month window to opt for the amended scheme. Further, employees were required to contribute at the rate of 1.16% of the monthly salary exceeding Rs 15,000 towards the pension fund.

(The writer is Surabhi.)

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IRDAI CIRCULARS

Topic	***Reference***
Guidelines on issuance of File Reference Numbers (FRN) to Cross Border Re-insurers	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4906&flag=1
Submission of Reinsurance Returns	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4905&flag=1

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GLOBAL NEWS

Indonesia: Insurance policy guarantee to restore consumer confidence in insurers – Asia Insurance Review

The Indonesian Parliament's approval of Indonesia Insurance Deposit Corporation's (LPS) new mandate to guarantee insurance policies will help to restore consumer trust in the industry after recent defaults, says Fitch Ratings.

Parliament on 15 December 2022 approved The Law of Financial Sector Development and Strengthening (P2SK), which aims to strengthen institutional authority and governance in the financial sector. Under the new law, the LPS, which currently guarantees bank deposits, will also guarantee insurance policies.

The policy guarantee programme is intended to protect policyholders when an insurance company or sharia insurance company has its business licence revoked. The coverage of the guarantee has yet to be determined, but the law stipulates several mechanisms, including that the guarantee applies only to protection products.

A guarantee only for protection products has the potential to reshape demand and product offerings in the market. Currently, about 58% of life insurance premiums in Indonesia are contributed by unit-linked policies, which are a combination of protection and investment products.

All insurance companies must participate in the policy guarantee programme, under which LPS has the authority to determine initial and periodic guarantee fees. It can also obtain policyholders' data and insurance company financial reports. The LPS guarantee will come into effect in the next five years. Consumer confidence in Indonesia's insurers was rocked by a series of recent defaults, such as those of Wanaartha Life and Kresna Life, as well as state-owned insurer Asuransi Jiwasraya and Indonesia's oldest insurer, Asuransi Jiwa Bersama (AJB) Bumiputera 1912.

Fitch expects a policy guarantee programme to gradually bolster customers' trust and improve market growth. Fitch also believes that local insurers will be forced to strengthen their underwriting practices, supported by risk mitigation and good governance, to meet the LPS' financial soundness criteria for participation in the guarantee programme.

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Australia: Some way to go before individual disability income insurance returns to sustainable state - Asia Insurance Review

At first glance, the recent run of reported profits in the individual disability income insurance (IDII) market looks promising for an industry that has been plagued by sustainability issues, notes the Australian Prudential Regulatory Authority (APRA) in a statement. The industry reported net profits after tax (NPAT) for five consecutive quarters from mid-2021 to September 2022.

Life insurance companies have sold this product for decades, providing policyholders with an income when they cannot work for prolonged periods due to injury or illness. However, in recent years, the product's future has become much less certain. Intense competition, higher claims and lower insurance affordability resulted in a prolonged period of losses that significantly challenged the sustainability of the IDII product, calling into question its continued availability to meet the needs of the community.

In the five years to 2019, for example, the collective losses from IDII totalled A$3.4bn ($2.3bn). This included significant increases in reserves for future payments for claims materially exceeding original expectations. Exacerbating the situation, life insurers were reluctant to risk competitive disadvantage by being the first mover to redesign their products to make them more sustainable since this would involve either reductions in benefits provided or increases in price – or both.

To address these concerns, APRA intervened in 2019 by implementing a series of measures, including additional capital requirements, that encouraged life insurers to address flaws in IDII product design and pricing, and to strengthen capabilities in risk governance and data quality.

Financial turnaround

To understand what the recent turnaround in financial results mean for the future sustainability of IDII, it is worth taking a closer look at what's been driving reported profits of late.

As background, insurers hold reserves for current and expected claims and expenses. When these reserves exceed future premiums, it means the insurer expects to make future losses. Insurers are required to recognise these losses immediately and hold additional capital to ensure they can meet the expected claims. The losses accumulated in relation to IDII to 2020 were therefore, in many cases, a reflection of the fact that insurers expected to make losses on that business in the future.

Analysis

Analysis of the industry's results show three key drivers contributed to the recent profit turnaround: bond yields, repricing and releases of COVID-19 reserves.

Bond yields

Insurers typically rely on the stable and predictable returns from government bonds to help manage financial risk and meet their obligations arising from insurance claims. As government bond yields increase, the future liabilities of insurers are discounted at a higher rate leading to a reduction in their value. This downward revaluation of liabilities makes a positive contribution to an insurer's profit.

Increasing bond yields will also affect bonds held by insurers as they are also discounted at a higher rate, leading to a reduction in their value. As a result, life insurers experience unrealised losses on the bonds that they hold, which negatively impacts profitability.

Many insurers aim to match the investments with the expected claims. However, changing credit spreads or differences in duration of liabilities and bonds can result in the two not being perfectly matched, so the profits that have emerged from the reduction in liabilities will not always be totally offset by the investment losses on the assets. This has been a main driver behind the improvement in IDII in recent quarters. However, there are also other components positively impacting liabilities and therefore profits, such as COVID-19 reserve releases and repricing.

Insurers should be prepared for a reversal of this trend, with the potential for the 10-year bond yield to return to a lower level over the next few years. For example, the liability valuation benefits experienced from interest rate movements began to reduce in the September quarter as the rate increased at a slower speed.

Repricing activities are expected to continue

Premiums are key to an insurer's profitability, so repricing is another factor that contributed to the improved financial results. A life company that is holding reserves for expected future losses can make releases from those reserves when it reprices. The continued increase in average premiums due to various repricing activities across the industry contributed to the reduction in cumulative losses and expected improved future profitability for most insurers.

Repricing is expected to continue as many insurers still expect future losses from their current IDII portfolio to rise. While repricing of existing policies is necessary for insurers to meet the increasing level of claims, it has produced poor outcomes for consumers. APRA expects insurers to balance the need for premium increases with providing affordable and fit for purpose cover for policyholders. Looking forward, the new IDII products launched following APRA's IDII intervention should have much more stable premiums over the long term than the pre-intervention products.

COVID-19 reserves

During the early stages of the pandemic, insurers set aside increased reserves to meet potential liabilities arising from an anticipated spike in claim costs related to COVID-19.

To date, the industry has experienced a lower level of COVID-related claims owing to strict lockdowns, government support measures and high vaccination rates as well as lower impact than forecast on the younger, insured population. Most insurers have released parts of their COVID-19 reserves as a result, which further incrementally boosted reported profits during the year.

Residual risks from mental health, long-COVID conditions and the economic downturn remain. Mental health outcomes have been adversely impacted by the pandemic and it is unclear how long they will last. Long-COVID conditions, such as joint pain, fatigue and memory difficulties, could result in a further increase in IDII claims. APRA encourages insurers to carefully consider the unknown impacts of COVID-19 to ensure policyholders are protected and supported in this journey.

Looking ahead

The sustainability challenges with IDII have been well documented, and the premium increases that have been necessary given escalating claims costs have been very challenging for policyholders. APRA's IDII measures are intended to help bring the product back from the brink and ensure that these problems don't recur in the future.

The return to profitability for IDII is a positive sign for sustainability of the product. However, since the net gains from improved bond yields and the COVID-19 reserve releases that have contributed to recent profits are cyclical events, that could reduce or reverse. While further premium increases can be imposed to respond to a future deterioration in profitability, this reduces affordability and leads to poor consumer outcomes. This will be further exacerbated by the lower household income and spending in a high inflation environment.

Overall, the industry continues to forecast future losses (albeit less than previously), showing that there is still some way to go before anyone should conclude that IDII has returned to a sustainable state. As such, it is important that the industry remains disciplined with its product design and pricing to strike the right balance between sustainability and profitability.

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