भारतीय बीमा संस्थान
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INSUNEWS

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QUOTE OF THE WEEK

"When everything seems to be going against you, remember that the airplane takes off against the wind, not with it."

Henry Ford

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Coinsurance

Coinsurance is the amount, generally expressed as a fixed percentage, an insured must pay against a claim after the deductible is satisfied. In health insurance, a coinsurance provision is similar to a co-payment provision, except co-pays require the insured to pay a set dollar amount at the time of the service. Some property insurance policies contain coinsurance provisions.
One of the most common coinsurance breakdowns is the 80/20 split. Under the terms of an 80/20 coinsurance plan, the insured is responsible for 20% of medical costs, while the insurer pays the remaining 80%. However, these terms only apply after the insured has reached the terms' out-of-pocket deductible amount. Also, most health insurance policies include an out-of-pocket maximum that limits the total amount the insured pays for care in a given period.

INSURANCE INDUSTRY

Insurers may go slow on Covid products despite Irdai directive - The Economic Times – 12th May 2021

Despite the Insurance regulator putting out a statement that insurers are mandated to offer Corona cover policies, firms are reluctant to offer such covers and may go slow on them. Many insurers were denying the renewal of Covid-specific health policies Corona Kavach and Corona Rakshak launched last year. Policies taken last year are due for renewal up to September.
"In the wake of rising infection rates due to the second wave of the Covid-19, the insurable public requires appropriate health insurance coverage, and it is not correct to deny such coverage to the customers in this crucial time, Insurance Regulatory Development Authority of India (Irdai) has said.

What insurers say
While the insurers introduced and sold the policies during last year, they are not gung-ho about it this year due to the severity of the pandemic. They had not anticipated such a huge surge of 4 lakh cases per day. They say with cases rising at alarming rates, such policies are unviable for insurers, mainly due to low premiums and high claims ratio. The loss ratio has been adverse on these products, which were offered at low pricing. Insurers may have to raise premiums on these policies. Insurance firms also feel that Covid policies cannibalise on their comprehensive products. Several general insurers have reported loss ratios above 100 per cent for Covid covers.

Claims settlement
Of the total claims of Rs 14,608 crore under the Covid health schemes, insurers have settled only claims worth Rs 7,900 crore, according to data by General Insurance Council data showed early April. However, volume-wise it about 85% of the total claims of over 10 lakh claims made. According to the data, the average reported claim size is to the tune of Rs 1.46 lakh but the average claim that insurers are settling is Rs 91,953. About 66% of the claims under the Covid health insurance policies are from the worst-hit five states with Maharashtra topping the chart.

For the last fiscal, Maharashtra topped the claims list with 3.58 lakh claims for Rs 4,345.39 crore, followed by Gujarat (1.30 lakh claims for Rs 1,922 crore) and Karnataka (75,938 claims for 1,136 crore).

Delhi saw 57,184 claims followed by Telangana (52,122), West Bengal (38,021), and Uttar Pradesh (33,653).

Death claims
Life insurance companies have paid Rs 2,000 crore towards Covid death claims in the last fiscal. These claims were over the normal death claims settled by them every year. The 24 life insurers settled over 25,000 Covid death claims.

Rise in claims
From only 81,000 at the end of July 2020, Covid claims shot up over 475,000 by October and reached 664,488 by early December. However, they tapered off with fall in cases, but rose now with the second wave intensifying in April.

TOP

Covid-19 infects white-collar job market, companies across sectors deferring interviews - The Economic Times - 9th May 2021

The enormity of the second Covid-19 wave has broken down the hiring ecosystem in India's white-collar job market. While many companies across sectors had started going slow on their hiring plans over the last one month by deferring interviews, job seekers are now faced with an indefinite delay in the issuing of offer letters as several companies have put the process on hold even after the final selection of a candidate, according to half a dozen staffing companies and executive search firms that ET spoke to.

However, there has been no withdrawal or cancellation of offers given out so far. Hiring has gone into a backburner as no firm is even ready to commit how long will be the delay or pause. Search consultants and hiring agencies have seen a 15-20 percent fall in offer letters being issued by companies after a person has made it through the final round of the selection process. According to data of 600 companies put together by CIEL HR Services, just in the last two weeks itself, there was a 10-15 percent dip in the issue of final offer letters in sectors such as IT, manufacturing, engineering, consumer products, BFSI, retail and healthcare.

TOP

Insurance sector on cusp of transformation: Ex-IRDAI chief - The Economic Times - 9th May 2021

In his final letter to the heads of insurance companies as the Insurance Regulatory and Development Authority of India (IRDAI) chairman, SC Khuntia, who retired on May 6, said the insurance sector is on the cusp of transformation. The reason, according to him, is that the country has a younger population, potential of high economic growth improving affordability and relatively low level of insurance penetration that offers a massive opportunity for growth of the insurance sector in the country. "All the stakeholders need to work together to create awareness about the need for protection and for higher levels of customer engagement throughout the insurance life cycle for enhanced customer satisfaction," he said.

Khuntia said that Indian capability in the IT and IT-enabled services sector will further accentuate the potential growth of the Indian insurance sector as well. He pointed out that the emerging risks arising out of global climate change and cyber-risks will have to be addressed by insurance players. Along with offering risk protection, the former IRDAI chief also advised insurers to concentrate on 'prevention of risk' and continuous engagement with policyholder.

TOP

INSURANCE REGULATION

IRDAI Working Group Suggests Title Insurance for Home Buyers – Live Mint – 11th May 2021

The Insurance Regulatory and Development Authority of India (Irdai) has constituted a working group that submitted a report related to the product structure of title insurance to develop a standard product and recommend measures to spur demand for the product. Title insurance is a form of indemnity insurance that insures against financial loss from defects in title to real property. In certain jurisdictions, institutional lenders require title insurance to protect their interest in the collateral of loans secured by real estate.

Basically, title insurance provides indemnity to developers, builders and the subsequent property owners (home buyers) against losses and risks related to defects in the title of the property. It can, however, be beneficial for society home-buyers. The panel has recommend a comprehensive cover for all promoters, allottees and successors. Besides, it also recommends a promoter legal expenses policy (additional option at the time of the start of financial appraisal of the project) and an allottee retail policy (additional option for the end-user individual buyer of the property unit).

According to the draft proposal, the working group has submitted its report in which it has made various recommendations, including the two new product structures for title insurance (promoter legal expenses policy and allottee retail policy). When it comes to an allottee retail policy, it means title insurance may soon provide coverage to the retail individual buyer. They will get this coverage at the time of the property possession. The sum insured offered to them will be equal to the purchased value of the unit. As per his/her own choice deemed fit to his requirements annually/long term three years' options. The premium can be paid in full or instalments as may be decided by the insurer, said the draft proposal.

Title insurance differs in several respects from other types of insurance. Where most insurances are contracts where the insurer indemnifies another party against a possible specific type of loss at a future date, title insurance insures against losses caused by title problems that have their source in past events. Title insurance companies attempt to achieve this by searching public records to develop and document the chain of title and to detect known claims against or defects in the title to the subject property. The draft proposal further said that a loan policy provides no coverage or benefits for the buyer/owner so the decision to purchase an owner policy is independent of the lender's decision to require a loan policy. The complete report of the working group is now placed on the Irdai website to seek the valuable inputs of all the stakeholders by 31 May.

(The writer is Navneet Dubey.)

TOP

Former Irdai chairman asks insurers to concentrate on prevention of risk - Business Standard – 10th May 2021

Khuntia term as Irdai chairman ended on May 6. He held the office of Irdai chairman for three years, from May 2018 to May 2021. Irdai has started the process of finding a successor to Khuntia, inviting applications for the post of chairperson. A circular issued by Irdai said the applicant, who wishes to apply for the Irdai chairman's post, must have knowledge or experience in life insurance, general insurance, actuarial science, finance, economics, law, accountancy, and administration. And, the consolidated pay and allowances of the chairperson will be Rs 4.50 lakh per month, without the facility of a house and car.

"This will generate greater trust between the insurer and the policyholder and both would stand to benefit in the long run," he said. In his final letter to the heads of the insurance companies, uploaded on the website of Irdai, Khuntia said that despite challenges faced by the economy due to the coronavirus (Covid-19) pandemic, the Indian insurance industry had been able to grow at a healthy pace of 9.2 per cent in 2020-21 with the life insurance industry growing at 11.2 per cent.

In the first two quarters after the onset of the Covid-19 pandemic, the insurance industry suffered negative growth. But, it bounced back as soon as the economy opened up post the lockdown. The life insurance sector grew by 11.2 per cent during 2020-21, as against 11.7 per cent last year. Despite the severe slump in motor and crop segments, the non-life sector grew by 5.2 per cent, as against 11.5 per cent last year. The total insurance premium for the year amounted to Rs 8.3 trillion, registering a growth of 9.7 per cent, as against 11.6 per cent last year.

In the letter, the Irdai chairman said, "Indian insurance sector is presently on the cusp of a transformation." There are three main factors in the play: demography of the country with a predominantly young population that is likely to persist for several years; the potential of high economic growth that would improve affordability; and relatively low level of insurance penetration that provides a huge opportunity for growth. "Indian capability in the IT and IT-enabled services sector will further accentuate the potential growth of the Indian insurance sector," Khuntia said. He also emphasised the fact that cyber security risks and risks out of global climate change have to be addressed by insurers. Furthermore, insurers also need to be flexible when it comes to meeting the evolving needs of the consumers and the regulatory sandbox initiative is one such window where they can test their innovative products and services. Also, insurers have to mindful of their distribution of channels as they may need to use newer channels for selling their products.

"Insurance inclusiveness is another area that all of us need to concentrate on so as to cater to the rural population, farmers, women, MSME, the poor, and the marginalised. We need to develop cost-effective micro insurance models for the same," Khuntia said. "This journey will be a win-win for all stakeholders, will generate additional employment, provide funds for investment in the economy, particularly in the infrastructure sector, and provide necessary protection to the policyholders," he added.

The writer is Subrata Panda.

TOP

Irdai remains headless amid raging pandemic - The Economic Times - 8th May 2021

The Insurance Regulatory & Development Authority of India (Irdai) has turned headless after chairman S C Khuntia retired on May 6 without a successor being appointed. While the office has remained vacant in the past, the current situation could throw challenges as the industry is in the thick of the Covid battle and Irdai has to make snap decisions over health claims. The government may appoint an acting chairman in the interim. However, those holding temporary positions do not take policy decisions. The post is not expected to be filled up anytime soon as the government has set May 29 as the deadline for aspirants to send in their applications.

Even last time, when Khuntia was appointed as Irdai chief in May 2018, the regulator was headless for over two months after T S Vijayan retired. The lack of urgency shown by the government in ensuring the appointment of a successor promptly, given the current situation, came in for considerable flak from the industry. Meanwhile, the Banks Board Bureau recommended the appointment of Mini Ipe and B C Patnaik for the position of managing directors of Life Insurance Corporation. The board also recommended Inderjeet Singh and Suchita Gupta for the position of chairman in United India and

National Insurance, respectively. “At the time of the pandemic, certain ‘stern’ decisions have to be taken, which only the chairperson can take with ease,” an industry insider said.

(The writer is Swati Rathor.)

TOP

LIFE INSURANCE

Insurance companies can provide cover to investors in tough times - Business Standard - 12th May 2021

The insurance sector can show growth during a recession but claims may also rise. A policy is like an option. An insurer accepts a premium upfront: The pay-out if the claim is triggered is many multiples of the premium, but if a claim is not triggered, the premium provides very cheap, or free money, to be deployed for a very long-term. The pandemic has led to more than normal claims for life and health. But part of the scale of health and mortality claims may be offset since the umbrella Ayushman Bharat is mostly state-supported. The pandemic has also expanded the market for life and medical insurance. For vehicle insurance, the trend is different. There are fewer claims because traffic and accident rates have declined. But vehicle sales have also reduced, meaning slower growth in premia.

Over FY20 and FY21, the life insurance premium increased 11 percent and non-life did even better. But the number of life policies fell 21 percent Y-o-Y in 2020-21, even as the value of premia collected rose 7.5 percent. The value of life insurance claims also rose 36 percent (March 2020-December 2020) compared to the same period of 2019-20. In April 2021, gross premia written by non-life insurance companies rose over 22 percent Y-o-Y to Rs 17,310 crore versus Rs 14,174 crore in April 2020. The five standalone health insurers saw a 56 percent jump in gross premia at Rs 1,259 crore versus Rs 809 crore. Life insurers saw 44.8 percent Y-o-Y growth in first-year premia to Rs 9,379 crore versus Rs 6,728 crore. This is encouraging even though April 2020 was a low base.

In Q4FY21, ICICI Prudential Life reported a 64 percent YoY drop in net profit due to higher provisioning for pandemic-related claims to Rs 64 crore, from Rs 179 crore in January-March 2020. The FY21 net profit dropped to Rs 960 crore, from Rs 1,069 crore a year ago. ICICI Pru also registered a Rs 7,400-crore gain from investment income against a loss of Rs 18,000 crore in Q4FY20. It made a net pay-out of Rs 265 crore for 205 death claims. The excess provisioning of Rs 200 crore takes total provisioning to Rs 300 crore. New business premia (first-year premia) rose 26 percent to Rs 591 crore and AUM grew 40 percent to Rs 2.14 trillion.

SBI Life Insurance registered a net profit of Rs 532 crore in Q4FY21, a marginal rise over the Rs 530 crore in the same quarter of 2019-20. For the full year, the net profit stood at Rs 1,456 crore, while new business premia rose to Rs 20,624 crore, from Rs 16,592 crore in 2019-20. HDFC Life posted a 2.3 percent Y-o-Y rise in its Q4 net profit at Rs 319 crore. It collected new premia of Rs 435 crore versus Rs 298 crore a year ago. Over the past month, shares of HDFC Life have slid 2 percent, while ICICI Pru is up 24.9 percent and SBI Life is up 14.7 percent. If the business trends hold, claims will stay elevated in 2021-22 but premium growth will also accelerate. Insurers may actually gain if they can manage a delicate balancing act.

(The writer is Devangshu Datta.)

TOP

Term insurance premium may see a fresh round of re-pricing - The Hindu Business Line - 12th May 2021

Term insurance premium could see a further increase this year with many re-insurers understood to be reviewing rates again. "The second wave of Covid-19 has impacted mortality and there has been a spike in death claims, which is expected to continue for some time. Also online term insurance rates are still very low in India," noted an executive with a life insurance company. "There has been some talks of a fresh review in reinsurance rates this fiscal. It could possibly be in the range of 15 per cent to 20 per cent. Most insurers would have to reprice the premium for term insurance products again but having said that, term insurance premiums in India continue to remain amongst the lowest in the world," said another executive with a life insurer.

If the move goes through, this would be the second round of increase in premium for term life products in recent years. Many life insurance companies have since late last year revised term insurance rates after re-insurers hiked underwriting rates for such policies. Most of this hike was passed on to customers, who had to pay about 10 per cent to 15 per cent higher to buy term insurance policies. However, notwithstanding the possibility of another price hike, most insurers expect term and protection products to continue to see demand from customers given the Covid-19 led uncertainty.

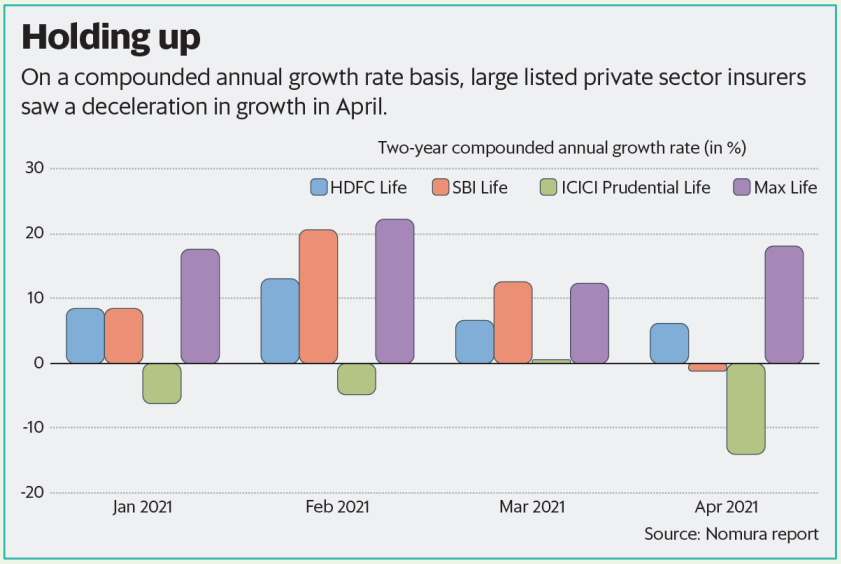
"The pandemic has created a rise in the demand for protection plans, even as the market volatility continued to affect the demand for linked plans. In 2021-22, along with the increased awareness of insurance, a digital push for insurance and any increase in term plan premiums are expected to drive the life premiums," Care Ratings said in a recent note on first year life insurance premium growth for April 2021.

(The writer is Surabhi.)

TOP

For life insurers, taming of second wave is key to growth – Live Mint – 12th May 2021

Investors of India's life insurance companies will need to look beyond the optically-pleasing growth metrics expected in FY22 to figure out the true performance of insurers. The first step towards this is to ignore the growth rates for April.



Latest business data from the sector regulator shows that private life insurers saw their new business premium surge 90% year-on-year (y-o-y) in April while the largest, Life Insurance Corporation of India (LIC), witnessed a 74% increase. But these high percentages are solely due to a low base as April and May last year saw a strict nationwide lockdown due to the pandemic. Growth metrics for the next few months also may reflect such a statistical low base effect.

According to analysts, a better way to judge the performance of insurers is to look at a two-year compounded annual growth rate (CAGR). On a two-year CAGR basis, private life insurers reported 6.2% growth in new business premium, while LIC saw a contraction of 4.7%, point out analysts at Nomura Financial Advisory and Securities (India) Pvt. Ltd in a note. Among private life

insurers, HDFC Standard Life Insurance Company Ltd trumped peers with a stellar 18% growth, while SBI Life Insurance Company Ltd maintained momentum, they added.

"FY21 performance for the listed players has been encouraging with resilience in new business growth and strong margin expansion driven by improving cost efficiencies, persistency improvement and a more diversified product mix which drove 15-35% VNB (value of new business) growth across players," the note said. In short, listed private life insurers continue to see strong business growth. This has been due to new product launches, and a pandemic that has made Indians more conscious of mortality. Indeed, in April, private life insurers saw their market share in new business premium increase to 58%. What this shows is that private insurance companies have managed to recover business lost during the strict lockdowns last year.

However, the pandemic's second wave has brought uncertainty yet again. Granted, lockdowns are not as restrictive as last year, but a short-term impact on growth cannot be ignored. "Growth could have been 10-20% higher if not for lockdowns and weakness is likely to persist in May even as base effect will be favourable," Jefferies India Pvt. Ltd said in a note.

Investors also need to be wary of a few trends. On a two-year CAGR basis, the growth in retail single premium policies has been 29%, far higher than non-single premium products that grew by just 5.8%. Single premium business has grown faster than non-single premium during the pandemic. Such products may show lower persistency ratios, since customers may view them as a means to park excess cash. The commitment to life insurance from individuals is largely seen from products that require regular premium payment and where persistency ratios are high. Single premium products are high cost for insurers and the returns are volatile over a period of time.

Beyond the base effect, life insurers may see pressure on growth in FY22, at least for the first quarter. To be sure, some companies such as HDFC Life Insurance may stand out on growth metrics. But for the industry, the trajectory of growth for the rest of the year hinges on how fast the second wave of the pandemic is controlled.

(The writer is Aparna Iyer.)

TOP

Should you go for guaranteed return insurance plans for tax-free income? – Times Now – 11th May 2021

Of late demand for guaranteed-return insurance plans has surged as it provides triple benefits-higher fixed returns for a longer-term, tax benefit on both investment amount and maturity proceeds and no reinvestment risk as your investment gets locked-in for a longer term at higher rates even if market rates fall. As interest rates on longer-term fixed deposits have fallen to below 6% levels, post-tax returns for depositors in the 30% or higher tax bracket will be close to 4%. So traditional insurance plans that offer guaranteed returns of around 6%, which is tax-free, look attractive to investors. The tax benefits and life cover are like icing on the cake. Premium payments up to Rs 1.5 lakh per year qualifies for deduction under Section 80C. Not only this, pay-outs are entirely tax-free under Section 10 (10 d) as these plans come with added insurance cover of at least 10 times the annualised premium.

Even life insurance agents and bancassurance partners are also pushing customers to buy these plans showing the above-mentioned benefits. According to a report in the Economic times, industry insiders say that demand for guaranteed insurance plans has surged by 15-20% in the last quarter of FY21. Should you opt for these plans to earn tax-free returns amid falling interest rates on bank fixed deposits

and high volatility seen in equity markets? According to experts, most guaranteed return policies in the market are fetching a higher Internal rate of return (IRR) compared to fixed deposits, which now in some cases even fetch negative real rates. "This is a peculiar time, while the short-term interest rates which dictate the bank rates have sharply fallen due to the repo rate cuts by the central bank, longer-term rates have not fallen in similar fashion," the Economic Times quoted Vivek Jain, investment business head, PolicyBazaar as saying in a report.

As per data available on PolicyBazaar portal, IRRs on guaranteed plans offered by HDFC Life, ICICI Prudential, Bajaj Allianz, Tata AIA, Bharti AXA Life and Max Life all range between 5.4% and 6% for a 30-year old male for a period ranging between 10 and 20 years. In contrast, leading banks such as State Bank of India, HDFC Bank, Kotak Mahindra Bank, ICICI Bank and Bank of Baroda offer between 5% and 5.4% on their fixed deposits having a tenure of five year and more. "If you look at it, life insurers are getting an average return of 6% on government 10-year bond and 7% of state security bonds where they have to lock in a bulk of their assets. Additionally, for long term AAA papers there is a good premium as well. Insurers are comfortable offering rates between 5% and 6% for customers," the business daily quoted Rushabh Gandhi, Deputy CEO, IndiaFirst Life as saying.

Although there are visible benefits of guaranteed-return insurance plans, investors also take into account the following facts which an insurance agent will never tell you. These plans have very low liquidity. You can reap the full benefit of these plans only if continue to pay premium for the entire premium payment term of the policy. The policy term is the lock-in period of the plan and there is no cash flow during that period. So before going for these plans ensure that you can spare that amount for the entire term of the policy.

Typically these plans accrue surrender value from the second year onwards and go up progressively as you pay more premiums. So avoid going for high-value plans that will lock-in a large sum for the long term. You won't be able to liquidate the policy before it matures. Secondly, as most of the guaranteed insurance plans are deferred payment plans where you get pay-out after 10-12 years later. the value of Rs 1 lakh that you will get after 12 years is not going to be the same as it has now. So don't go by the IRR figures quoted by the company and do your own math.

The third drawback is that the insurance cover these plans offer is very low. You will get a life cover of Rs 10 lakh only if you pay Rs 1 lakh as annual premium. So for getting a life cover of Rs 1 crore, you have to pay Rs 10 lakh as annual premium. In comparison in term policies, a 35-year old can get a cover of Rs 1 crore by paying an annual premium of Rs 12,000. So these policies can never be a replacement of term plans.

TOP

Data: Amount of Life Insurance Claims due to death increase by 36% in the first three quarters of 2020-21 - 10th May 2021

The COVID-19 pandemic that began last year has brought upon loss of lives and a large-scale impact on health across the world. Although India has the second-highest number of COVID-19 cases, the fatality rate has been lower than many other countries badly affected by the pandemic. While there are apprehensions on the reliability of the information being provided by the government authorities on a daily basis, trends observed in other sectors are analysed to ascertain the impact of COVID-19. One such sector is the Insurance sector.

Insurance policy offers financial protection and assistance in wake of any death, loss or financial need. As per the latest information available in IRDAI's (Insurance Regulatory & Development Authority of India) *Handbook of Indian Insurance Statistics 2017-18*, the Insurance Penetration for Life Insurance in India in 2017 was 2.76%, compared to the global average of 3.33%. The insurance penetration for non-life insurance is much lower at 0.93%, whereas the global average is 2.8%.

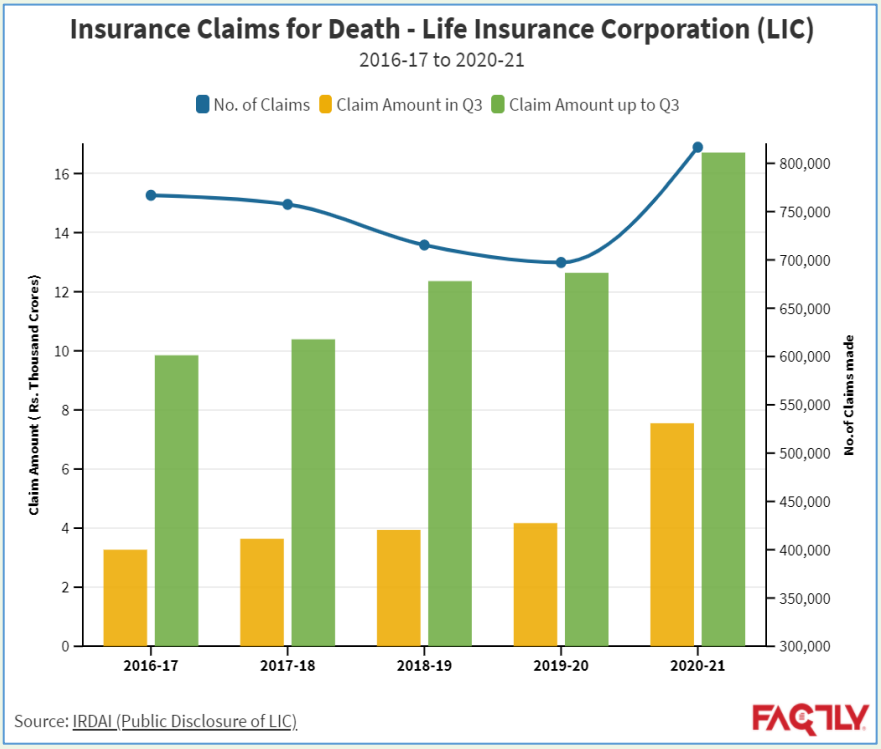
While the penetration of insurance is lower, it does make up for a sizeable number in view of India's huge population. As the data Indicates, the idea of insurance in India is more synonymous with Life Insurance–

as financial security in case of death or during old age. The number of those opting for non-life insurance coverage is comparatively lower with a good proportion of it due to the government rules & regulations (as in the case of Motor vehicle insurance). However, thanks to the corporate & employer initiatives and also an increased awareness, the uptake of health insurance are growing every year with the rising costs of private healthcare. Even in this space, most of the policies are part of employer benefits or government-sponsored health schemes. IRDAI's website provides information as part of 'Public Disclosure' by the respective Insurance companies in the country. We take a look at the latest information provided until Q3 of 2020-21 i.e., till December 2020 and analyse the trends during this period, compared to the previous years.

The value of Death Claims settled by LIC up to Q3 of 2020-21 up by 32%

As per the information shared by the public sector Life Insurance Corporation of India (LIC), during Quarter 3 (Q3) of 20-21, a total of Rs. 7.54 thousand crores were paid out against the death claims. Compared to the same quarter last year (2019-20), this is an increase of nearly 81%. This growth rate is way higher compared to the earlier years when it was only 5% and 8% respectively . As seen in the case of GST, IT returns and others, experts opine that the phenomenal increase in Q3 is largely because a higher proportion of the claims were filed only after the lockdown was lifted in the latter half of 2020.

However, the value of claims during the first half of 2020-21 also showed an increase when compared with the same period during 2019-20. During the first half of 2020-21, Rs. 9.15 thousand crores worth of claims due to Death were settled by LIC, compared to Rs. 8.47 thousand crores during the same period in 2019-20. Overall, by the end of Q3 in 2020-21, a total of Rs.16.7 thousand crores were settled as death claims. This is an increase of 32% compared to the same 9-month period in 2019-20. The growth is much higher than the regular growth rate of 2% in 2019-20, 19% in 2018-19, and 5.5% in 2017-18.

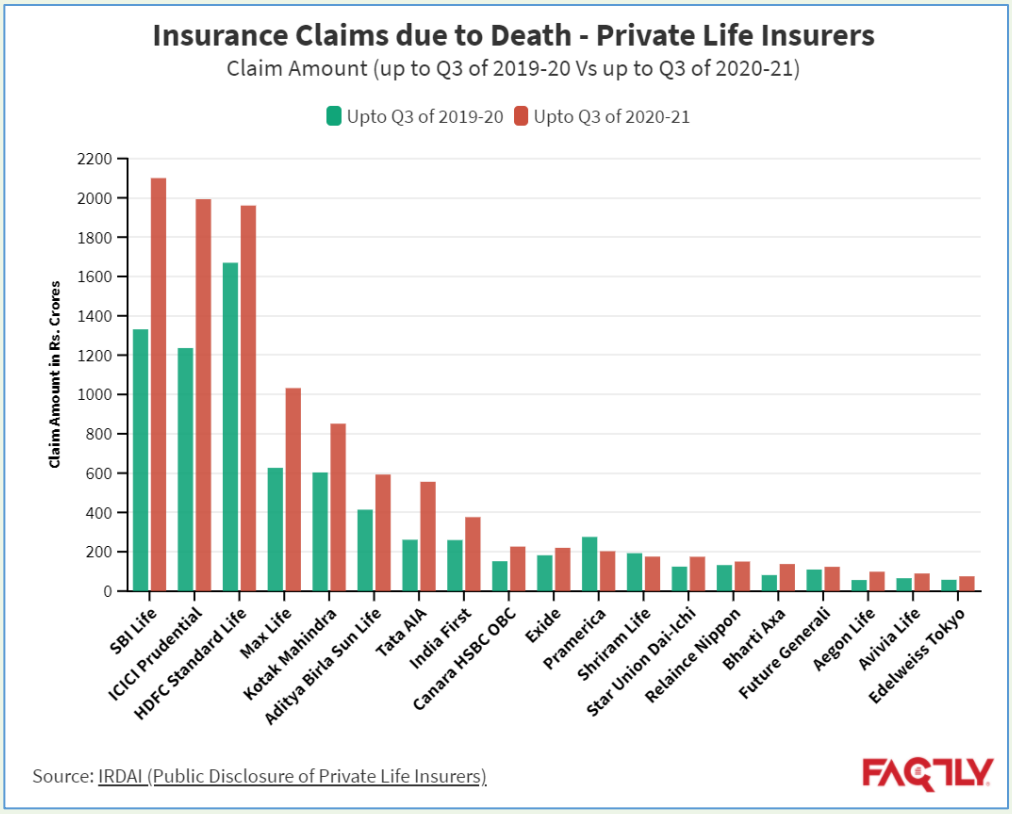


Apart from the substantial increase in the total value of death claims settled by LIC during 2020-21, a more significant trend is in regard to the number of claims made. Bucking a year-on-year decreasing trend observed in the previous year, a total of 8.16 lakh claims were made by the end of Q3 in 2020-21 compared to 6.97 lakh claims during the same period in 2019-20. This is reversing of the trend observed in the previous three years, where the number of claims due to death was lower than their preceding years. On the other hand, the value of claims settled due to policy maturity did not show a greater increase compared to earlier years.

Apart from the public sector LIC, many other Private Insurers also reported an increase in the amount of 'Insurance Claims' due to death in the first three quarters of 2020-21. There are 23 private insurers offering Life Insurance policies. Similar to LIC, even they are required to make public disclosure, the details of which are available on the IRDAI Website. As per the information provided by the private insurers (who have updated details up to Q3 of 2020-21), here are few observations.

SBI Life, which has the highest claim settlement among insurers other than LIC, has reported that the value of claims due to death increased by 58% by end of Q3 in 2020-21, compared to the same period in 2019-20. Specifically, in the third quarter of 2020-21, the claims increased by 136% compared to Q3 of 2019-20. The number of claims due to death also increased from 12.4 thousand by Q3 of 2019-20 to 23.4 thousand by the end of the first 9 months in 2020-21. ICICI Prudential has reported an increase of 61% in claim amount by death by the end of Q3 in 2020-21 compared to the same period in 2019-20. In 2020-21, the total value of claims due to death for ICICI Prudential was Rs. 1.9 thousand crores compared to Rs. 1.2 thousand crores in 2019-20. In Q3 of 2020-21, the claims due to death settled by ICICI amounted to Rs. 862 crores compared to Rs. 425 crores in Q3 of 2019-20 increase of 102%. Around 1.28 lakh claims due to death were reported by end of Q3 in 2020-21 compared to around 75 thousand claims during the same period the previous year.

Meanwhile, another large private insurer HDFC Standard Life, also reported that the total value of claims due to death increased by around 17% during the first 9 months of 2020-21. However, specific to Q3, it increased by 70%. A significant increase is also seen in the case of Tata-AIA. Few of the smaller Private insurers like Aegon, Bharti AXA, Star Union Dai-Chi have also reported an increase in the value of claims due to death by the end of Q3 in 2020-21, compared to the same period in 2019-20. In most of the cases, there is a higher increase in the claims during Q3 of 2020-21 compared to the same quarter in 2019-20. As observed in the case of LIC, the proportion of the increase in 2020-21 is more than the increase observed in earlier years in the case of most of these private insurers. However, the trend is not uniform across the insurers, some of the insurers reporting fewer claims like Pramerica and Shriram Life.

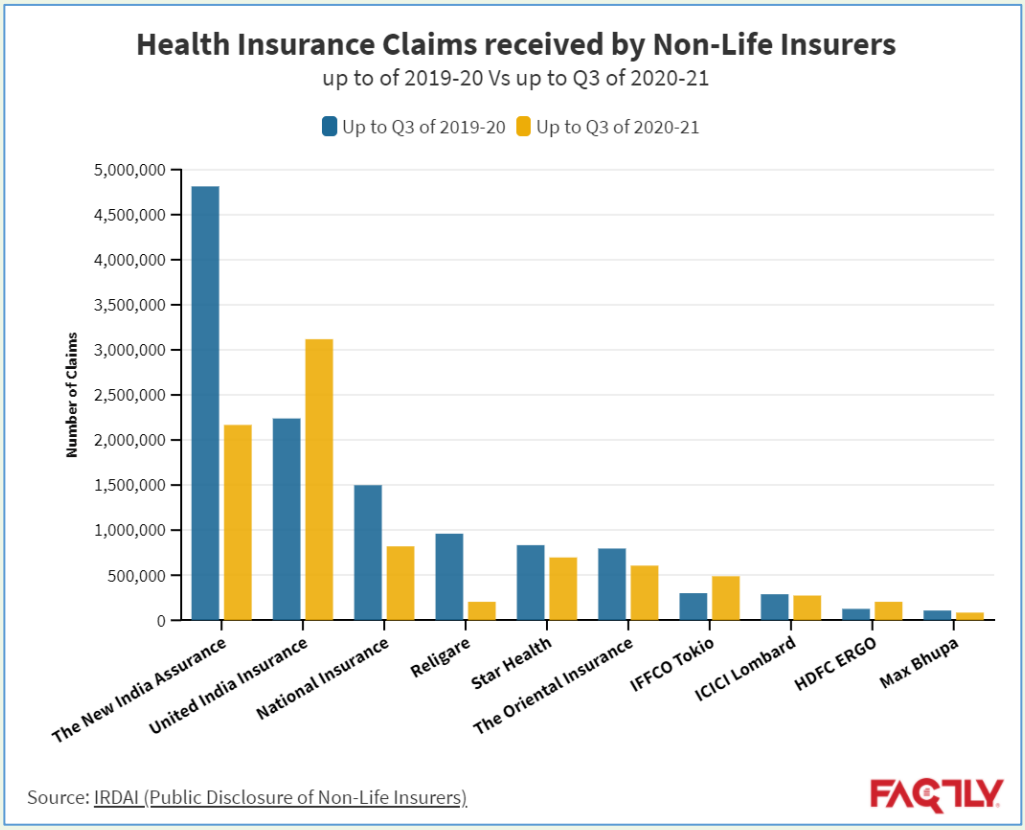


IDBI Federal released its data for the entire year of 2020-21. A total value of Rs. 126 crores were settled as claims due to death during 2020-21 compared to Rs. 77.9 thousand crores i.e., an increase of 62%. If the trend observed until the end of Q3 and the reference of IDBI Federal is any indication, we can expect the total value of claims for the entire year of 2020-21 to be much higher than in 2019-20. We could witness a considerable & substantial increase in the claims settled as well.

While the trends vary, number of Health Insurance claims lower than previous year

As per the information available on the IRDAI website, about 33 insurers provide Non-Life Insurance. Among others, Health Insurance is one of the non-life insurances. Analysis of 10 of the large Non-Life insurers who provide 'Health Insurance (HI)' shows that variances exist in the trends of HI claims up to Q3 of 2020-21 compared to that of the same period in 2019-20.

Among the insurers analysed, United India Insurance and HDFC ERGO have reported a higher number of HI claims during 2020-21 (up to the end of Q3) compared to 2019-20. Most of the other insurers have reported fewer HI claims during the first three quarters of 2020-21 compared to the same period in 2019-20. Analysis of the trends for each quarter shows that in the case of most of the insurers, the number of HI claims received during Q1 of 2020-21 is lesser, which has impacted the YTD (Year to Date) numbers. It ought to be noted that this period coincided with the nationwide lockdown in 2020. While there was an increase in the ensuing quarters, the overall numbers are still less than the numbers in 2019-20.



The Insurance claim information can offer significant insights of the impact of COVID-19 pandemic.

The information provided by the insurance companies regarding the claims due to deaths does not specifically highlight if the deaths were due to COVID-19. Hence, the increase in the number of death claims cannot be directly linked to the COVID-19 pandemic in the country. However, the data does indicate that the increase in the number of death claims in 2020-21 is at a much higher rate compared to the earlier years and this trend is more or less uniform across most of the Insurance companies. Such a higher rate of increase is only possible due to a specific event which, in this case, could be the COVID-19 pandemic.

On the other hand, the Health Insurance claims information reflects the impact of COVID-19 lockdown, but the hospitalization and other aspects associated with COVID-19 do not seem to have a bearing on the same. The initial challenges around most Insurances Companies not recognizing COVID-19 for cash-less insurance coverage and other uncertainties relating to extending health insurance to COVID-19 patents could be a factor in the reduced health insurance claims. At the same time, the impact of COVID-19 on the healthcare system, especially with respect to the treatment of other ailments and medical procedures is reflected in the health insurance claims data, that many non-emergency procedures may have been postponed leading to fewer claims. The lower numbers mean that the treatment of COVID-19 took primacy at the cost of other ailments.

The recent judgement of the Delhi Court and the norms laid down by IRDAI in respect to Insurance coverage of COVID-19 could pave way for an increased number of health insurance claims to be raised for COVID-19 related cases, especially in view of the devastating second wave in India.

(The writer is Bharath Kancharla.)

TOP

Insurers seek cooling off period before underwriting new policy for Covid survivors - The Telegraph - 10th May 2021

Insurers — both life and general — are insisting on a cooling off period and physical check-ups before underwriting a new policy for individuals affected by Covid. Cooling off period is the time taken or the deferment period that is required for a person to completely recover from an ailment and, thereby, fit to be insured. "Insurers are often asking for a three-month waiting period for a term life cover from the time the survivor has a negative report and they may also have to do a physical check-up. From an underwriter's perspective, the second wave risk is different from what is seen in the past and there is also pressure from reinsurers," said an executive of a private life insurer.

Along with the proposal form, individuals would be asked to disclose their health conditions over the past six months to one year with medical records of the same. "The younger generation is also getting affected by Covid. As a result, automatically the answer to the question is turning out to be yes," said Sajja Praveen Chowdhury, business head, term life insurance, Policybazaar.com. Depending on the case, underwriters are taking a call whether to issue a policy immediately or postpone, he added. "As a standard practice, cool-off periods are applied in all health policies. People, who have already contracted Covid-19, have to wait to buy health insurance till their symptoms fully recover and chance of relapse is minimised. This is important to ensure that the baseline health condition of the member is good from a risk assessment standpoint," said Priya Deshmukh Gilbile, chief operating officer, Manipal Cigna Health Insurance.

"The cooling off period essentially is a tool to ensure the customer's health is evaluated fairly and accurately. It does not have a bearing on premium. While the vaccine is a preventive measure, members who have had a Covid infection may have a possibility of future complications. From that perspective, an already Covid positive person, who is getting vaccinated, will still undergo the cooling off period," she added.

TOP

Why should mothers opt for life insurance? - Financial Express – 9th May 2021

With time, women have taken on the responsibility of shouldering the family's financial needs and with this, it is time for them to acknowledge the importance of life insurance for themselves. Of all the rights of women, the greatest is to be a mother. Indeed as Mother's Day is approaching and we pay tribute to one of the most important people in our lives, the roles and responsibilities that mothers take are often overlooked. The roles of mothers, in general, have changed and evolved over time. For a long time, it was the father's responsibility to take care of the family's financial needs. With time, women have taken on the responsibility of shouldering the family's financial needs and with this, it is time for them to acknowledge the importance of life insurance for themselves.

Life insurance is a crucial element of any individual's financial plan; all mothers require life insurance including those who are not working professionals. Term life insurance pays out a lump sum if the policyholder meets an untimely demise within the policy period, thus proving to be an inexpensive way to protect the family's financial future. It helps in providing the family with funds to pay off debts, any form of disability or critical illness. Additionally, a term insurance plan is an excellent way to ensure a lifetime of financial security for your family.

Single Mothers- All mothers should have life insurance, but it can be argued that single moms need it the most. When couples invest in a plan with the possibility that one spouse will remain to care for the children. Single parents do not have this luxury. Your children look to you as their means of survival.

Working Mothers- Income replacement is one of the most important reasons to buy life insurance. In case of uncertainty, a term life insurance policy provides a death benefit to beneficiaries—that rely on your income to survive. As a mom, your children rely on your income for food, clothing, shelter, education etc. Stay-at Home Moms – They might not work outside the home to provide an income, but do a lot of work inside the home to save money – home chores, managing kids and other responsibilities. In case of her absence, the father will have to take care of the children and ensure the mother's duties are managed well.

Financial Independence in the long term – Life Insurance is critical for mothers to prepare for their future expenses. Whether a long term-life milestone or a provision for children, insurance plans are a great way to save for goals and provide a sense of financial independence. Saving for the future- It is important to maintain the dual-income in case of your or your spouse's retirement. A life insurance policy ensures that you continue to contribute to the welfare of the household.

Coverage for critical illness- Medical emergencies can prove to be a great burden, so invest in policies that cater to critical illness planning. In case of expensive treatment, one doesn't have to break a bank and can protect the family from the burden of high bills. Protection for children and leaving behind the legacy – Life Insurance provides children with the capital needed for a successful future. The money can help go a long way towards education, marriage, buying a house or making personal investments.

Insurance policies help everyone create a financial cushion for themselves and their loved ones. They are instrumental in preparing for unforeseen circumstances. And as Mothers have always taken up the central role of a caretaker in the family, they are responsible for the financial needs of the family as well. And adequate insurance is of utmost priority to strengthen the contingency plan and secure the future of their loved ones.

(The writer is Vinit Kapahi.)

TOP

GENERAL INSURANCE

Road Accident Claims May Soon be Settled Faster – Live Mint – 13th May 2021

The roads ministry, insurers and state police departments are working on a plan to slash the time needed for claims' settlement for accident victims from an average of five years now to just three months, two people aware of the plan said. Road accident victims or their families will also be eligible to get immediate monetary relief based on a formula developed by the Supreme Court, Motor Accident Claims Tribunal (MACT) and high courts, the people said on condition of anonymity.

The aim is to reduce legal disputes over claims and make the process of claiming money from insurers simpler for road accident victims or their families. "Every year, claims worth at least ₹10,000-12,000 crore are raised by road accident victims. Of this, insurers pay at least ₹5,000 crore on average. The rest of the amount remains disputed, and the court cases go on for years, which increases the distress for victims' families," said one of the two people cited above. "The settlement should be completed within a month. Right now, it often takes 5-10 years. The aim is to make settlements faster and more acceptable for the victim's family," he added.

According to the plan, a website is being developed by the General Insurance Council (GIC) for real-time reporting of accidents. The police or the victim's family will need to report the accident immediately on

this portal and call on a 24x7 phone number to intimate the insurer. The Supreme Court, on 15 March, directed that the police will have to submit the formal accident report electronically to GIC and MACT within 48 hours, explaining the cause of the accident. “This will be implemented as a general norm, and insurers have agreed. The detailed accident report (DAR) has to be submitted by police within a month, and MACT will have to accept the applications and reports via email. MACT will need to send the summons via emails and conduct a hearing via video conferencing. Within a month, MACT will have to conclude the case, and then the insurer needs to send the money electronically to the deceased’s family," said the first person.

In order to fast-track the settlement process, the insurance company will appoint its own investigator immediately after the intimation of the accident. The investigator will visit the accident spot and collect the basic records of the victim, the vehicle and the circumstances of the accident. “The Supreme Court judges have held meetings recently on the implementation of the plan with the police department, home ministry, ministry of road transport and highways, state government authorities and GIC. They have all agreed to implement the fast-track plan," said the first person, adding that from 1 May, the proposed plan has already been implemented as a pilot project in Delhi.

So far, the police’s DAR goes to court and is brought to the insurer’s notice 1-2 years after an accident. Right now, there is a delay in evidence collection and verifications both from police and the deceased’s family’s side after an FIR is lodged. Then the police send the file, and the victim’s family files the claim application at MACT. The tribunal then sends a summon after 10-15 days to the insurer, victim’s family and police, asking them to be present for hearing in the subsequent 45 days. The hearing continues at MACT for 5-10 days, and a settlement amount is ordered by the tribunal. After that, the insurance firm sanctions the compensation amount and sends a cheque to MACT, which deposits it in the bank and authorizes both the victim and the lawyer to withdraw the sum. The lawyer takes a 30% commission and pays the rest to the victim’s family.

According to the new plan, MACT will send the DAR and the summon notice to the parties within seven days and conduct the first hearing via video-conferencing within 30 days and then within the next three months, the case has to be closed. Subsequently, within 15 days, the insurer will need to pay the compensation to the victim via internet banking. There will also be a specific formula to decide the compensation, the people cited above said. “Around 500,000 motor accident claims are reported every year, of which around 150,000 are fatal accidents, and the rest are grievous injury claims," said the second person. “Most of the people are not even aware that even if the victim does not have any insurance policy, she is entitled to receive compensation from the vehicle’s insurer," said the second person.

(The writer is Anirudh Laskar.)

TOP

HEALTH INSURANCE

Daycare vs OPD: decoding treatments under a health policy - Live Mint - 12th May 2021

While buying a health insurance policy, many people tend to get confused due to the technicality of the subject. One such technical aspect is the difference between day-care treatment and outpatient department (OPD) treatment that a lot of people don’t know. Hence, you must understand these terms to avoid any confusion while going through the features when you buy a health insurance policy.

HOSPITALIZATION

Day-care treatment is completed on the very same day or within a span of a few hours when the patient visits the doctor’s clinic or hospital. “It strictly refers to treatments, surgeries and operations that require hospitalization below 24 hours of time, due to the technological advancement in the medicinal field and procedures related to it," said Indraneel Chatterjee, co-founder, Renew Buy Insurance.

However, not every daycare treatment is covered by all health policies; one must read the documents carefully to know which illness/diseases are covered under the daycare treatment. Some of the examples are cataract surgery, radio or chemotherapy, bone fracture, certain injury-related dental surgeries, coronary angiography, etc. On the other hand, OPD treatments do not require the patient to get admitted to the hospital. Instead, this treatment needs the patient to visit the doctor's clinic either for consultation, treatment or diagnosis for a specific disease or illness.

"OPD consultations required for smaller medical concerns like fractures, sprains and other doctor consultations are covered under OPD benefit or OPD cover, as specified in the health policy," said Chatterjee.

LEVEL OF COVERAGE

Under daycare procedures, there are no sub-limits. These treatments are covered for up to the sum assured level chosen by the insured. However, coverage for OPD treatments is within a sub-limit of your overall sum insured limit.

Rakesh Goyal, director, Probus Insurance, said, "For OPD treatments, one can claim the expenses incurred by submitting the relevant documents. For daycare treatments, the claim is similar to any other regular hospitalization. One can avail cashless facilities for claims (for network hospitals) or claim reimbursement by submitting the necessary documents (for non-network hospitals) for daycare treatments."

WAITING PERIODS

Under daycare treatments, any pre-existing condition will be covered only after serving the waiting period of three years except for any accidental injury. Also, there is a two-year waiting period for specific diseases like cataract, hernia, joint replacement surgeries, etc. On the contrary, the waiting period for availing outpatient department benefit is quite less, i.e. 90 days. This way, you can claim OPD expenses within 90 days of taking a health insurance policy.

NATURE OFPROCEDURES

"Daycare treatments are costlier and benefit a person during an emergency or any major planned surgery like cataract, radiotherapy, chemotherapy, dialysis, angiography, etc," said Amit Chhabra, head - health insurance, Policybazaar.com. "On the other hand, the OPD cover is best suited for individuals who figure they may incur medical care costs that don't need in-patient hospitalization and demand regular visits like fever and chronic conditions like diabetes, arthritis or back pain," he said.

(The writer is Navneet Dubey.)

TOP

Is the cost of oximeters, oxygen cylinder covered in home care treatment of Corona Kavach policyholders? Find out - Financial Express – 11th May 2021

The coronavirus pandemic is running wild and having its toll on the health and lives of individuals. IRDAI had launched exclusive health insurance plans to take care of hospitalization costs owing to covid-19, Corona Kavach being one of those. Given the scale of the spread of infection, the lack of hospital beds is posing a concern. In such circumstances, many infected patients are opting for home care treatment.

But, before you go for the claim, make sure the conditions as set by Corona Kavach guidelines are met for a smooth claim settlement process. The guidelines also talk about the various expenses that will get covered during the claim. The Home Care Treatment Expenses will be covered up to 14 days for the Corona Kavach policyholder. However, any such treatment has to be prescribed by a medical practitioner.

Here are the conditions that need to be met:
a) The Medical practitioner advises the Insured person to undergo treatment at home.
b) There is a continuous active line of treatment with monitoring of the health status by a medical practitioner for each day through the duration of the home care treatment.
c) Daily monitoring chart including records of treatment administered duly signed by the treating doctor is maintained.

As per the IRDAI guidelines, the cashless or reimbursement facility are offered under homecare expenses subject to claim settlement policy disclosed on the website of the Insurer. And, in case the insured intends to avail the services of non-network provider, the claim will be subject to reimbursement.

It is important to get prior approval from the Insurer before availing such services or treatment. Any such approval request has to be addressed by the insurer within 2 hours of receiving the last necessary requirement.

What all are covered
Cost of Pulse oximeters, Oxygen cylinder and Nebulizer gets covered but they have to be prescribed by the medical practitioner. It is better to confirm from the insurer whether cost of refilling will be covered or the entire cost of oxygen cylinder. Similarly, the following will be covered if prescribed by the treating medical practitioner.
a. Diagnostic tests undergone at home or at diagnostics centre
b. Medicines prescribed in writing
c. Consultation charges of the medical practitioner
d. Nursing charges related to medical staff
e. Medical procedures limited to parenteral administration of medicines
f. Cost of Pulse oximeters, Oxygen cylinder and Nebulizer.

(The writer is Sunil Dhawan.)

TOP

Time to review public health insurance - The Pioneer - 10th May 2021

Healthy families are the foundation of healthy communities, thus, there is nothing more important than good health and reliable healthcare for the family. Universal health coverage aims to ensure that all people receive quality healthcare without suffering financial hardship. The biggest challenge is to combat the multiple scourges ravaging the world's poor and sick. Due to the current pandemic we are facing pressing challenges and health-related expenditure has now become a primary route to impoverishment. India took a great leap in public health insurance when it launched the Prime Minister Jan Arogya Yojana (PM-JAY) and the Ayushman Bharat (AB) scheme. These are the country's flagship structures created to help universalise healthcare so that economically vulnerable families get the medical care they need without being pushed into debt. The cost to the Government is around Rs 1, 052 per family, with 60 per cent of it being borne by the Centre and the rest by States.

Although the scheme has several laudable objectives and novel features, it has its limitations. Despite having an apparently formidable beneficiary base, the AB-PMJAY still has a small share in the overall inpatient care provision. This is due to low empanelment of hospitals, a general reluctance of private providers towards dispensing AB-PMJAY benefits, and limited contribution of AB-PMJAY to the overall business of hospitals. The Government pays public and private hospitals fixed rates for treating people covered under the programme and this doesn't fit in with the viability of the private sector. New ways

will need to be explored to see how the private sector can be co-opted in the delivery of public health. At the same time, the public health system — particularly in rural India — will have to be regenerated.

For the poor, health is often the dividing line between the path to prosperity or a slide into destitution. To make matters worse, the combination of typically volatile and precarious incomes and the absence of quality healthcare means low-income communities not only need access to healthcare, but also the ability to pay for it. Private healthcare has catastrophic costs that shave off hard-earned savings of patients. The repercussions have spill over consequences, resulting in less money being available to households for food, education, housing and other necessities.

A health emergency is a bigger risk to farmers than an unsuccessful crop. Once they sell their land/livestock, they become indentured labourers and that takes a generation or more to fix. Care at India's public hospitals is technically free. But in reality the poor quality of care, lack of human resources and equipment have impeded them from coping with overwhelming patient loads. As a result, many underprivileged Indians are forced to seek treatment in costly private hospitals they cannot afford, or, simply go without care.

Not only are there steep medical costs involved in a health episode, but there are also incidental expenses. This is further compounded by the loss of income during the period an individual is ill/injured or caring for an ailing loved one. Without insurance, people often turn to informal means to manage these risks, but such strategies provide inadequate protection. So when misfortune strikes, many get drawn into debt traps as they borrow beyond their means. This can lead them to sell productive assets, take children out of school or put them to work, compromise on food, or leave other illnesses untreated. Due to this dynamic, a health issue can easily become a financial sinkhole. Health insurance serves two primary functions for individuals. First, it secures financial access to healthcare, both for preventive services and/or treatment. Second, it evens the costs of those services, protecting against potentially devastating economic shocks.

Health insurance policies in India typically don't cover outpatient or domiciliary treatment, where the major expenses involve pharmacy bills, diagnostic and pathological tests. Several health insurance programmes cover wage loss on account of illness or other health-related issues, but many don't. Due to these coverage gaps, even insured beneficiaries can incur high indirect costs, especially in cases that require hospitalisation. For instance, India's flagship public health insurance scheme, AB, fails to recognise and compensate the indirect costs associated with hospitalisation — and these are quite significant for the poor. These include expenses on travelling to the hospital and back. Additionally, staying in a hospital or at home, after hospitalisation, implies a loss of wages. Often, attending caregivers from the family also have to forgo wages for several days and arrange for their lodging in case the treatment is being undertaken away from their native town. Poor households may take on debt, selling productive assets or even their homes.

This risks a negative feedback loop: Poverty leads to bad health, which generates further poverty. They may be forced to avoid or delay treatment, as they cannot afford to lose their wages. Similarly, those who need longer-term hospitalisation may go back to work even if they have not fully recovered. Lost income, often one of the largest components of a financial shock, is far lower among the insured, because it allows them to seek care sooner.

Since many of the concerns of women are not easily insurable, e.g., maternity costs, a more relevant product would be one that combines insurance and savings. In this way, for example, a woman could use her savings to cover the cost of normal delivery, and insurance to cover the cost of unexpected complications. In evaluating the success of AB, what matters, even more than the beneficiaries count, is whether it removes the need in the target population to prioritise livelihood over their daily needs. This is normally the case for most poor families who lack income support during the treatment.

It can also consider including primary, day-to-day healthcare instead of just secondary and tertiary care. This is because poorly-delivered primary care inevitably increases the burden on health and finance at the secondary and tertiary levels down the line. Nurses and practitioners of traditional medicine will

have to take "bridge courses" to keep abreast of the bewildering forms of new diseases. Diseases are not static things. Pathogens change, hosts change and environments change. Our immune systems change as well, as a result of fending off infections. And, of course, our lifestyles change, as also social standards, medical systems and public-health programmes.

Thus, it is necessary to enlarge the benefits to include loss of wages and incidental expenses during hospitalisation. This is already the prevailing practice of specific comparable schemes. Such plans provide a "hospital cash" or "wage loss" benefit, which is a fixed amount for transportation and wage loss for each day of hospitalisation. Some plans in developing countries provide a fixed amount to the beneficiary for each night of hospitalisation, irrespective of the actual expenses incurred. This top-up coverage can be used with any other social security scheme that members may enroll in. The enhancement of the coverage could make the scheme truly pro-poor. And, considering that this added benefit would be conditional on prior hospitalisation, there is no risk of moral hazard or unwarranted claims.

Universal health coverage will become a reality only if individuals, families and communities are empowered to identify their own health needs and take action to address the diseases that increase cost of care and contribute to the burden on our health systems. It is the Government's primary job to invest in a dependable State-run system and also devise regulations that keep players, public and private, committed to serving national interest.

Several laudable policies are already in place. Yet, for reforms to be successful, we need hardcoded changes and higher and more productive investments. A lot of money is wasted on excessive administrative expenses, inefficiencies, duplication of services, and fraud and abuse in insurance claims. It is now for the policy doctors to collaborate with the real doctors to come up with radical solutions that can build a healthier world for everyone.

TOP

Health Insurance: Do you have health cover for Covid treatment? - Financial Express - 10th May 2021

Given the severity of the Covid-19 pandemic, it is of utmost priority to buy a health insurance cover, renew and review the existing policy, take a top-up cover and keep in mind the fine print of the policy regarding waiting period, exclusions and rejection of claims. A health insurance policy, including short-term Covid specific covers—Corona Kavach and Corona Rakshak—will not only ensure financial protection in case of a medical emergency due to Covid but will also give peace of mind to the policyholder and his dependents.

Health covers: Various options

while it is ideal to have a comprehensive health insurance cover, one can opt for standard health insurance policy or a short-term Covid specific cover. The standard health insurance Arogya Sanjeevani is offered by all general and standalone health insurance companies. The minimum entry age is 18 years and the maximum is 65 years and the policy can be renewed for life. In this policy, the maximum coverage is up to Rs 5 lakh and it has a sub-limit on the room rent. It covers hospitalisation costs for Covid treatment.

Corona Kavach Policy, an indemnity-based plan, covers hospitalisation, pre-post hospitalisation, home care treatment expenses and Ayush treatment for Covid patients. All hospitalisation expenses such as personal protection equipment (PPE) kits, oxygen, ventilators, and consultation fees will be covered. It also covers home care expenses. Pre and post hospitalisation expenses—15 days before hospitalisation and up to 30 days after discharge— are also covered. One can buy it for a period of 3.5 months, 6.5 months or 9.5 months and can renew it. The sum insured is Rs 50,000-Rs 5 lakh. A policyholder can opt

for cashless claim at a network hospital or reimbursement claims at a non-network hospital. Corona Rakshak Health Insurance Plan, a benefit-based plan, offers a lump sum payout if you require hospitalisation for Covid. The lump sum pay-out can be used to meet the medical needs. The sum insured is Rs 50,000-Rs 2.5 lakh. The period of the coverage will be for 3.5 months, 6.6 months and 9.5 months.

Experts say the lump sum received under Corona Rakshak can be used to pay for consumables such as PPE kits which are usually not covered in a standard health insurance plan. While Corona Rakshak Policy offers individual coverage, Corona Kavach Policy has a family floater plan. Given the increasing medical costs, go for a comprehensive health insurance cover, review the sum assured based on family's medical needs and buy a top-up cover.

In any regular health insurance policy, look for any clause of sub-limits or co-payments as many insurers impose certain restrictions to keep the premium low. For instance, if there is a sub-limit of 1% of the sum insured on room rent in case of hospitalisation, then for a sum insured of Rs 10 lakh, you can claim a maximum of Rs 10,000 towards room rent. Also look at plans with no such sub-limits.

Waiting periods & claim rejection

In a regular health insurance policy, Covid hospitalisation is covered after 30 days of the initial waiting period. For short-term Covid specific covers, waiting period is 15 days. So, no Covid claims made within the waiting period will be cleared.

While Covid is not covered under day care treatment, you can claim money if hospitalised. One can even go for claims if quarantined and treated at home, provided it is payable under the policy's terms and conditions. As hospitalisation is not required for mild Covid, insurers can reject the claim if hospitalisation was not done according to the ICMR/AIIMS clinical norms. Take consent from the insurance company through the third-party administrator for Covid-related hospitalisation in case of moderate to severe disease.

While insurers have to communicate cashless approvals within 60 minutes of receipt of authorisation request along with other details from the hospital, for reimbursement claims one must ensure that the claims form include discharge summaries, test reports, bills, prescriptions, etc., for faster claims payment.

(The writer is Saikat Neogi.)

TOP

Pick sub-limits wisely as they can alter your health policy coverage – Live Mint - 10th May 2021

One of the key factors to consider before zeroing in on a health insurance policy is sub-limits. Sub-limits lower the insurance premium, but on the flip side they can affect your policy coverage. In this piece, we take a look at sub-limits and how different types can affect your policy coverage. A sub-limit is a monetary cap that your insurance company puts on the expenses of some medical procedures. It comes as a predetermined limit on the total claim amount, which restricts the insured from applying for a complete claim amount against the health plan. This, in turn, lowers the claim amount.

For instance, sub-limits can be placed on doctor's consultation fees, ambulance fees, hospital room rents, etc. Hence, you must get in touch with the insurer and understand the sub-limits under each condition before buying any health policy. Your premium is generally affected by two types of sub-limits, i.e. sub-limits on hospital's room rent (benefit-specific) and sub-limits on the specific treatment (disease-specific).

Benefit-specific sub-limit
When you opt for a room rent sub-limit in the case of hospitalization, your insurer covers the hospital's room rent. However, this coverage will then be offered up to a certain limit. Moreover, the type of room that you can select is also restricted. Hence, this way sub-limits affect your policy coverage. Some insurers might only cover general or semi-private rooms under this sub-limit. So, if you wish to opt for a private room, you might end up paying the room charges from your pocket.

"For instance, if the room rent is ₹5000 per day and your sub-limit is only ₹3,500, then you would have to pay the remaining ₹1,500 from your pocket. Also, medical expenses would differ depending on the choice of the room. Hence, it is important to read about the sub-limits in the policy document before opting for the plan to avoid any unpleasant surprises during the claim process," said Rakesh Goyal, director, Probus Insurance. Benefit-specific sub-limit also includes sub-limits on ambulance fees, domiciliary hospitalization benefit and sub-limits on other benefits such as OPD.

Priya Deshmukh Gilbile, chief operating officer, ManipalCigna Health Insurance, said there are health policies that offer room rent as a percent of the sum insured, while others offer a specific room category or any room without limitations as a percent of the sum insured. Policies that have a capping on room charges may also have optional covers to remove capping or enhance the room category. "While buying a health insurance policy, it is better to have minimum restrictions even if it costs a little more premium," said Gilbile.

Disease-specific sub-limit
A disease-specific sub-limit that applies to some common illnesses and pre-planned medical procedures, including kidney stones, knee ligament reconstruction and cataract removal, can also affect your health policy coverage.

"If the policyholder opts for disease-specific sub-limit under the plan, it limits the maximum amount payable per surgery or medical management, cost per policy period for ailments, surgeries and medical procedures as per the option selected by the policyholder under the policy," said Gilbile. Goyal added: "Talking about sub-limits on specific treatment/disease, one must make sure to check that the sub-limit clauses are applied to diseases (under your plan) and the costs specified for them. It is not necessary that if your sum insured is higher, you would be able to claim the entire amount."

Some ailments or diseases may require medical treatment even after discharge. In this case, some insurers might even have sub-limits on the expenses involved in post-hospitalization. The insured would then have to pay this additional amount from his or her pocket, which is not covered under the plan's post-hospitalization coverage.

(The writer is Navneet Dubey.)

TOP

Caring for your caregiver – Outlook – 9th May 2021

Birth itself is the most beautiful gift that a mother blesses her children with and nothing can compensate for the love, care, and selfless protection that she showers on her children, all through her life.

However, we must acknowledge that as years go by, mother, who we've always seen as a pillar of strength, might need our support to enable her to sustain good health. More often than not, we observe that mothers, like any parent, often end up ignoring their health while delivering their duties towards their family, especially children.

Therefore this Mother's Day, let us present our mothers

with a comprehensive Health Insurance plan, a gift that assures them access to quality healthcare when they need it the most.

Choosing the Best for Your Mother
Multi-tasking while managing both household and work is an everyday phenomenon for most women. Stress, lack of proper sleep, and the inability to manage a healthy diet put them at a higher risk of lifestyle diseases such as diabetes and hypertension. With a health insurance policy in hand, handling such unexpected medical expenses can be much easier.

To manage any crisis effectively, it is important to plan ahead and plan comprehensively. Therefore, opting for a comprehensive health insurance policy can ease your way with its multiple features and benefits. This policy ideally offers extensive coverage including outpatient and inpatient treatments and provides a plethora of wellness benefits that help promote a sustainable lifestyle.

Benefits of a Comprehensive Health Insurance Policy:
Care, before You Need It: Being health conscious is the need of the hour, staying alert and aware helps you to take timely and informed decisions. A comprehensive health policy not only addresses your hospitalisation expenses but also offers regular medical check-ups to keep you addressed about your health parameters and enables timely action where required. The 'Whole' Concept: Thorough in-patient care is what a comprehensive insurance policy aims for. Its complete protection also encompasses coverage for related pre-and post-hospitalisation OPD expenses along with the ambulance service cost and home treatments. It also provides a much-needed cover for Covid-19 as well.

Increase in Lifestyle Illnesses: A shift in our lifestyles has made us more prone to a wide range of health disorders. Unhealthy eating habits, hectic work schedules, and rising levels of pollution have increased the risk of chronic health problems that attract high treatment costs. A well-rounded policy ensures these costs are addressed. Rising Medical Costs: Medical costs have undoubtedly increased substantially. People tend to spend a significant part of their savings to address medical emergencies. By purchasing the right health insurance policy, one can better manage their medical expenditure.

Cashless Facility: Insurance Company's tie-up with hospitals directly so that insurers can directly pay the claim amount to the hospital and you don't need to take the longer route of reimbursement and block your funds. You should look at how comprehensive an insurer's network is and does it include your preferred hospitals. Insure Early: There is no right age to buy a policy but it is better if you get one early since if you try enrolling in a health plan at a progressed age, you might find it difficult owing to pre-existing health conditions.

Individual Insurance: Health insurance offered by employers might not be sufficient to cover all your healthcare costs comprehensively. Furthermore, one could be at risk of being without any coverage, in between jobs, or after retirement. It is therefore wise to opt for personal health insurance coverage. Emphasis on 'Save More': The policy acts as an umbrella (cover) over your savings and keeps them safe even at the time of crisis. By providing financial support for medical treatment and hospitalisation expenses, it ensures your savings remain untouched.

Additional Benefits: Choose a comprehensive health plan which covers the cost of miscellaneous consumables and healthcare items. Care Health Insurance has introduced an add-on cover called 'Care Shield' that is specially designed to cover more than 60 non-payable consumables that are typically not covered by health insurance plans. Furthermore, 'Care Shield' also increases your sum insured every year in line with inflation.
It is often said knowledge is power, so now that you know various aspects of choosing an ideal health insurance cover, let us show our love for our mothers by presenting them with a comprehensive health cover. Let's show that we truly 'Care' for her.

(The writer is Ajay Shah.)

TOP

Insurance firms have the responsibility to ask the right questions on claims – Live Mint – 8th May 2021

Amid the rise in the number of covid cases, there has been an unprecedented increase in the number of health insurance claims. While insurers have accelerated the claim settlement process on covid-19, some cases are also getting rejected.

In an interview with Mint, Dr S. Prakash, managing director, Star Health and Allied Insurance, said there is a increase in the number of claims as people are rushing to the hosp. Insurance is a highly regulated sector. Unlike healthcare services, which is not regulated, insurance companies cannot deny payment of claims. But insurance companies have the responsibility to ask the right questions. If hospitals are charging more or admitting a patient who may not require admission and who can be quarantined at home.

By raising the right questions, insurance companies help to modulate the healthcare economy. Otherwise, in unregulated healthcare services, if there is no regulation, they may charge right, left and centre and this will have a dent on the Indian healthcare economy. So, it is not that they are not paying, they are only questioning unjustified admissions.

Will insurers settle claims if one gets hospitalized due to covid after taking second vaccination?
ital not knowing whether they require admission or not. At the same time, the health insurance sector, which is highly regulated, is behaving differently towards the process of claim settlement owing to differential charges and the lack of common simple protocol for hospitals.

Are insurers denying claims?
No, it is not the case; it should be looked at differently. It is not that insurance companies are not paying the claim; insurance companies have to pay the claim. There is not only an unprecedented increase in the number of claims but also a phenomenal increase in the average amount paid per claim.

A very small percentage of people do get infected after the first or second dose of vaccine. But for an insurer, it doesn't matter, and we have to pay if the customer contracts a disease irrespective of his vaccine status.

Did you see any tapering effect in policy buying after the commencement of the vaccination process?
In proportion to the incidence of covid-19 cases identified, there is growth in the health insurance industry. During the second half of January and February, there was a decline. But now we see a good increase in the growth of health insurance. This scenario reflects the emotion towards buying health insurance and insurers make the best use of this opportunity which can prevent families from being pushed into poverty due to health reasons. Currently, due to the impact of this pandemic, we see a growth of around 40% in health insurance sale compared with last year.

What are people's sentiments towards buying a health policy?
The majority of the people prefer buying general health policies compared with corona-specific policies. What we have witnessed is that the majority prefer buying disease-specific policies for their employees, maids, drivers, etc. It is generally bought for others.

But in general, buying a routine mediclaim policy, which covers all diseases, is anytime helpful. The pandemic is continuing beyond one-and-a-half years, and it is expected to continue for a longer time. Hence it is preferable to buy a routine mediclaim policy than a disease-specific policy.

If someone chooses a disease-specific product as they are priced less, it is better that they should look at a standard product like Arogya Sanjeevani and then after a few years they always have the option to migrate to a comprehensive health insurance policy.

(The writer is Navneet Dubey.)

TOP

Covid-19: Can you claim insurance for hotel isolation, treatment? – India Today – 8th May 2021

With Covid-19 cases rising sharply in the country, major cities are facing an acute shortage of hospital beds. In such a scenario, people who have tested positive have two options to isolate themselves. Those who have a mild infection or are asymptomatic can either isolate themselves at home or hotels where Covid-19 treatment facilities have been offered.

CAN YOU CLAIM INSURANCE FOR HOTEL ISOLATION?

Individuals should note that they will not be able to claim insurance for just isolation, be it in their home or hotel. If a person opts for hotel care, they will not be able to claim insurance against daily room tariff and other precautionary medical measures provided by the hotel in collaboration with select hospitals.

It may be noted that some hospitals like Apollo have tied up with hotels to provide isolation facilities for mild and asymptomatic patients. Individuals or families who are isolating themselves at hotels will be under light medical supervision and are unlikely to require heavy treatment. This is why insurers are unlikely to honour claims for just isolation.

HOTEL FOR COVID-19 TREATMENT

In a situation where a patient in need of hospitalisation has been advised by a doctor or network hospital to get admitted to a hotel with Covid-care faculties, insurance can be claimed. It will ultimately depend on the severity of the case and whether the state governments have converted such hotels into temporary Covid-19 care facilities. If a patient who needs hospitalisation gets admitted for treatment at any such hotel, insurance can be claimed against the cost of treatment.

It is worth mentioning that the Insurance Regulatory Development Authority of India (IRDAI) had issued a notification recognising 'makeshift' and temporary hospitals. In July 2020, the IRDAI said, "Where a policyholder who is diagnosed as Covid-19 positive is admitted into any such make-shift or temporary hospital on the advice of a medical practitioner or appropriate government authorities, notwithstanding the definition of hospital specified in the terms and conditions of policy contract, the treatment costs shall be settled by insurers."

But the most important requisite for claiming insurance against hotel treatment is medical advice from a qualified doctor. In case a hospital that has run out of beds advises a patient to get admitted to hotels with Covid-care facilities, they will be able to claim insurance against treatment. However, these hotels should have a tie-up with the hospital and the centre should have adequate medical professionals.

Simply put, the claim will only be settled by the insurer only if the patient has been admitted to a hotel treatment facility on the recommendation of doctors. But if an individual or a family simply gets quarantined as a precautionary measure and does not need hospitalisation, the claim will not be entertained.

TOP

Health Insurance: How to make claim request if an insured person dies in hospital - Financial Express – 8th May 2021

The rising costs of treatment have made taking health insurance cover an absolute necessity. Ever since the outbreak of the Covid-19 pandemic, the demand for health insurance has increased many fold. With the surge in the number of Covid positive cases, hospitalisation and death during the second wave of the pandemic, the obvious question comes to mind if a health insurance claim is admissible if an insured person dies in hospital.

One of the basic eligibility requirements related to health insurance claims is at least 24 hours of hospitalisation. So, an insurance claim becomes admissible if an insured person remains hospitalised for more than 24 hours after getting admitted or dies in hospital after 24 hours of admission.

But how to make a claim request once an insured person dies in hospital?

"In case of the death of an insured, payable medical expenses per the insured's policy terms and conditions will be settled by the insurer," says T A Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance. "There are two facilities that one can opt for while filing for Health Insurance Claims, i.e. Cashless Claims and Reimbursement Claims," he explains.

Cashless Claims

If the customer chooses a network hospital of the insurer for a medical treatment, then cashless claims can be opted by the insured. The customer needs to flash his health ID card at the Insurance/ TPA desk to avail the cashless facility at the empaneled hospital. The process is then initiated between the hospital & the insurer where the customer is kept informed on the progress at every stage and the decision on the request received. Highest priority is accorded to the COVID – 19 cases.

Cashless Claim Process

1. In case the hospital admission is planned, customers should approach the insurance desk of the hospital which guides them in a cashless facility. The insurance desk forwards the entire case with pre-authorisation application form (which is countersigned by the treating doctor) to the insurer. Basis the case details and policy T&C, insurer approves the cashless facility. Generally, this approval should be taken 4 – 7 days prior to the treatment.

2. If you connect with your insurance company, they will inform you about the documents that may be required. Post sharing these documents and medical details with the insurer through the insurance desk, it evaluates the treatment details as per policy terms and conditions and informs the concerned hospital and insured.

3. The customer needs to produce following documents at the network hospital in addition to the documents that are specified by the insurer:-

A.i. Pre-Authorisation Letter (completed by insurance desk)
A.ii. ID card issued by the insurance company or Health Insurance Policy
A.iii. Aadhar Card, Pan Card / Form 60 (For KYC purpose)

4. Once the treatment is done and the customer has availed the cashless facility, the original bills and treatment evidence should be left with the hospital. The hospital shares these bills with your insurance company and accordingly payment is processed by the insurer to the hospital.

5. In case of any unplanned or emergency medical treatment, the policyholder can simply contact the insurer through its customer care center or chatbot facilities to know about the empaneled hospitals.

Once at the hospital, the customer can request for cashless hospitalisation by producing the insurance card provided by the insurers along with the policy copy to the insurance desk.

6. Once the customer makes this request, the hospital connects with the insurance company by filing the pre-authorisation request form and consequently the insurer issues an authorisation letter to the hospital. Insurer also shares details pertaining to the policy coverage of the customer.

7. Once the treatment is over, the insurer will then settle the payment of admissible claims.

Reimbursement Claims
If the customer chooses a hospital which is not empaneled with the insurer, then the claim is settled on a Reimbursement basis. On receipt of the complete set of documents as requested by the insurer, reimbursement claims are settled typically within 5 days. For example, Bajaj Allianz General Insurance has launched a unique facility wherein customers can now instantaneously submit digital documents through the company's self-service mobile application – 'Caringly yours' for assessment and settlement. Through this new facility, a health insurance customer can now receive their claims within 5 working days.

Reimbursement Claims Process
1. The insured can download the claim forms required from the insurance company's website or can be collected from any of the offices/intermediaries of the insurer.
2. The customer is required to provide necessary documents along with the original medical bills to the insurer at the time of claim filing. These documents typically include a claim form, bank details, ID cards, hospital discharge summary, investigation and diagnosis reports and bills, original hospital and pharmacy bills along with paid receipts and prescriptions. Additionally in case of an accidental hospitalisation, a copy of FIR may also need to be shared with the insurer.
3. The insurance company evaluates the claim basis of the documents after confirming the T&C under the policy.
4. Post the evaluation the insurance company makes the payment to the beneficiary as per policy terms.
5. On non-receipt of certain mandatory documents, the insurer can ask for these additional documents to take a decision on the claim.
6. In case of claim repudiation, the insurer provides the grounds on which the claim is non payable.

"We have enabled digital mode for claim submission in our Caringly Yours App, Website & Portals for the ease of our customers which can be accessed from the comfort of their homes. All that needs to be done is click the pictures of claim documents and follow the prescribed guideline for submission. This also provides real time assistance to the customers through various communication channels such as Contact Centre, WhatsApp, Educational Videos etc," says Ramalingam.

(The writer is Amitava Chakrabarty.)

TOP

Mother's Day: How to buy health insurance specifically for young mothers? - Financial Express - May 2021

There are numerous health insurance plans and optional covers available in the market that are designed to target the women population with coverages for hospitalization expenses and critical illness cover. According to industry experts, ideally, women should opt for health insurance plans that are highly customizable and provide them with extensive women-specific coverage options. Priya Deshmukh Gilbile, Chief Operating Officer, ManipalCigna Health Insurance says, "Like Breast Cancer Screening, Ovarian Cancer Screening, Osteoporosis Screening, Psychiatric and Psychological Consultations, Cervical Cancer Screening, etc. should be included, apart from providing for hospitalization expenses arising out of lifestyle diseases and/or critical illnesses."

For instance, the Lifetime Health plan of ManipalCigna offers Women+ optional wellness package specially designed for the female of age 12 years and above, which once selected by the insured while

buying the policy, provides access to the various screening programs and also covers the cost of Cervical Cancer vaccination. In addition to a comprehensive cover, one can go for yearly screening for diseases including breast cancer, cervical cancer and ovarian cancer.

What are the benefits of a maternity plan for pregnant women?

Maternity is not normally covered in standard health insurance policies. Hence, first, check if coverage is available and also the waiting period applicable if such cover is available.

Subramanyam Brahmajosyula, Head – Product Development, SBI General Insurance says, "If your policy covers maternity benefits, costs incurred during hospitalisation as a result of maternity will be covered up to the sum insured limit. In some instances, the cover is also available for any medical complications of the new-born child."

The major benefits of having a maternity insurance cover are pre and post-hospitalization cover, delivery expenses, vaccination charges for the infant, ambulance charges, pre and post-natal expenses. Expenses such as nursing and room charges, surgeon fees, doctor consultation, and some consultations are also covered, as per policy terms and conditions. Additionally, Deshmukh says, "an individual can also choose to opt for a separate maternity cover but the premium on these separate maternity covers can be a little high, as compared to other policies. Hence, it is advisable to top-up an existing insurance policy by adding a maternity rider with some additional premiums."

Therefore, experts say, it is best to opt for a comprehensive insurance policy that provides sufficiently high limits in terms of the sum insured and also one without too many cappings for specific ailments or benefits. The golden rule is to start investing in health insurance at an early age and ensure that there is no break in insurance so that you can enjoy the long-term uninterrupted cover.

How to buy health insurance with maternity coverage?

The cost of healthcare and medical expenses associated with pregnancy has gone up excessively. Standard delivery or caesarean procedure can cost anywhere from Rs 60,000 to Rs 2 lakh. The rising medical costs have compelled couples, planning to expand their families, to search for appropriate financial aid. In such cases, it is advisable to opt for a maternity insurance cover.

The features and benefits of maternity insurance differ from one policy provider to another. Having said so, Deshmukh adds, "in general, the salient features of maternity cover pregnancy and delivery, including all medical expenses related to pregnancy. It covers the daily expenses, infant vaccination, ambulance charges, baby cover in case of disorders, and other emergencies. However, there are a few aspects, like medical costs, dental expenses, and IVF-specific expenses that aren't included in some plans. Thus, you must also read and understand the policy terms thoroughly before buying a maternity policy to enjoy full benefits."

Lastly, one should take a look at the most important aspect i.e. waiting period. Experts say this is one of the essential elements to consider while buying insurance for pregnant women. Usually, the waiting period, the time before which no claim and benefits can be redeemed, ranges from 2-6 years. However, in the case of a group insurance policy, the maternity cover waiting period is not more than 9 months, depending on whether the provider has opted to add maternity to the group plan or not. Hence, get clarity on such terms and conditions when it comes to maternity insurance.

(The writer is Priyadarshini Maji.)

TOP

MOTOR INSURANCE

Your Vehicle in COVID-19 Lockdown: How to save on insurance premium - Financial Express – 11th May 2021

We are more than a year into the COVID-19 pandemic, and, the result is that our lives are changing drastically. Most of us have been hardly using our vehicles as commute to work remains cancelled due to the lockdown and also trips and journeys to see family and friends remain suspended. The situation is expected to continue for a few more months as work-from-home orders continue to be in place at least until 70% of the population is vaccinated.

In fact, many studies conclude that until remote work adoption and shift to online shopping remain in action, the traffic volumes probably will not be going to increase. With people hardly taking their vehicles on road, it does not make sense in buying a comprehensive motor insurance policy. A combination of Third-party Cover and Own-damage Cover – a comprehensive motor insurance policy protects you against damages to your own vehicle and third party in case of an accident. Buying a comprehensive motor insurance policy only makes sense when you are taking your vehicle on road every day and driving for a considerable number of kilometres.

Save on Premium with Third-party + Fire + Theft Insurance

Insurance is one of the big costs in keeping a car on the road, with the average price of a fully comprehensive motor insurance policy for a 1200CC sedan car ranging between Rs 15,000 and Rs 18,000. However, if you are not driving your vehicle so frequently due to the ongoing lock-down and work-from-home orders, it is better to only buy coverage that is required. Considering the prevailing conditions, several insurers have come up with a special insurance plan – Third-party + Fire + Theft insurance. The plan gives your vehicle-required coverage at affordable prices – 50% less than regular comprehensive plans. Under this plan, the vehicle gets adequate coverage for damages to the Third Party and damages to your vehicle due to fire and theft.

Adequate Coverage at Affordable Premiums

The plan works like any other regular plan, however, the extent of coverage differs, as it will not cover you for damages to your own vehicle. With this insurance, you can easily drive your vehicle on the roads because as per the government rules, only third-party insurance is mandatory for driving the vehicle on Indian roads. If while driving the vehicle, you meet with an accident and cause damages to the third party, your insurer will bear the expenses on your behalf and pay to the third party.

Also, in case your vehicle gets stolen while it is parked on road outside your home or any other place you might feel is safe, the insurer will pay you the entire IDV – Insured Declared Value mentioned on your insurance policy document. While renewing your motor insurance vehicle, it is always advised to make sure that you select the maximum IDV possible. This is because in case of incidents like total damage and theft, in case the authorities fail to retrieve your vehicle, the insurer will pay you the IDV mentioned on your policy. In order to get the maximum returns from your damaged vehicle, always select maximum IDV.

The third incident for which the plan provides you adequate protection is fire. With day temperature crossing 40 degrees in most parts of northern India, incidences of vehicles catching fire are quite common. Most vehicles that catch fire usually get completely damaged and cannot be used again. The insurer places such vehicles under the total damage category in which the vehicle owner gets the complete IDV of the vehicle. Fire and Theft are the two most common incidences that cause maximum

damages to the vehicle and it is always important to provide adequate coverage to your vehicle against both of them. Third-party cover is also important, as it is mandatory by the government for driving the vehicle on road.

Take Note
During the lockdown period, when you are hardly driving your vehicle and only using it for emergency purposes, it is better to get Third party + Fire + Theft insurance in place of a comprehensive policy and save considerably on the premium. In the last one month – with lockdown rules again coming into force – there has been 2x increase in the sales of Third party + Fire + Theft insurance plans. Currently, these plans are available with a prominent insurer like Future Generali, United India Insurance and Digit. For a 1200CC sedan, the plan costs approximately Rs 4,500 – Rs 5,500.

(The writer is UT pal Raman Sharma.)

TOP

No insurance cover for person sitting on tractor's wheels, says Karnataka HC - The Times of India – 9th May 2021

The liability of a person sitting on the mudguard of a tractor is not required to be covered by a statutory insurance policy as contemplated by section 147(1) of Motor Vehicles Act, 1988, a three-judge, full bench of the high court headed by chief justice Abhay Shreeniwas Oka observed while deciding a referred matter pertaining to a batch of motor accident claim cases. Referring to the dictum of the Supreme Court in the Shivaraj case, the bench noted the top court has clearly held that a tractor could lawfully accommodate only one person, namely, the driver, and that the insurer was not liable to indemnify the tractor owner for liability of a passenger travelling in it. It added the liability of a person working either on ploughing or crushing machines attached to the tractor and who is travelling on the mudguard is not required to be covered by the statutory insurance under section 147(1).

Regarding another referred question, the full bench said a ploughing or a crushing machine attached to a tractor is not a trailer. "Every instrument, including ploughing or crushing machine, attached to a tractor will not necessarily be a trailer. At most, it can be a semi-trailer. Even assuming that the said two categories of equipment are semi-trailers, they are not the motor vehicle covered by section 2 (28) of MV Act. Since a semi-trailer is not a motor vehicle, provisions of section 147 will not apply to it," the bench observed while disposing of the reference made by a single bench. While disposing of a miscellaneous first appeal, cross objections and appeals, the single judge was of the view that since there are conflicting decisions rendered by co-ordinate benches, the questions are required to be referred to a larger bench. Now, in view of these findings, all pending appeals and cross-objections arising out of this group of appeals will have to be placed before the benches concerned having roster for consideration and disposal.

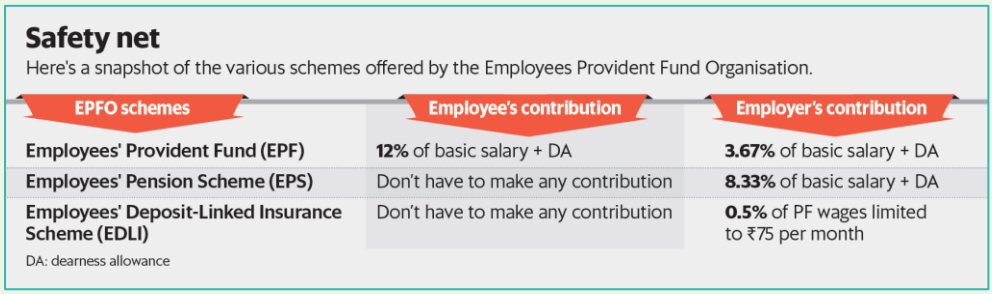
TOP

PENSION

EDLI provides relief to families of EPFO members during pandemic – Live Mint – 12th May 2021

To combat financial difficulties faced by the families of active employees who have lost their lives due to covid-19, the Employees Provident Fund Organisation (EPFO) will now provide the overall maximum death insurance benefits of ₹7 lakh under the Employees' Deposit-Linked Insurance (EDLI) scheme. The scheme's purpose is to ensure that the family gets financial assistance in case of the member's death. While the maximum limit has been raised from ₹6 lakh to ₹7 lakh, the minimum sum has been increased to ₹2.5 lakh. These new limits are in effect for three years from 28 April. EDLI is one of the schemes formulated under the Employees' Provident Fund and Miscellaneous Provisions Act (EPF and MP Act), 1952.

Saraswathi Kasturirangan, partner, Deloitte India, said, “The EDLI scheme is available to all members who are contributing to the provident fund. The coverage includes establishments that have their own provident fund trust as well. The scheme, therefore, provides coverage to employees in the event of their untimely death, and the nominees shall receive the stated benefits."



EDLICONTRIBUTIONS

EPFO operates three schemes—the EPF Scheme, 1952; Pension Scheme, 1995 (EPS); and Insurance Scheme, 1976 (EDLI). For such an insurance scheme, the employee need not make any contribution but only the employer has to contribute. Members of EPFO have automatic enrolment to the EDLI scheme. Pooja Ramachandran, partner, Shardul Amarchand Mangaldas and Co., said, “Unlike the provident and pension funds established under the EPF Act, where both employer and employee make contributions, for the EDLI, only the employer and the government contribute towards the EDLI fund." The employer normally contributes 0.5% of PF wages limited to ₹75 per month.

Employers can also set up a separate insurance scheme for their employees with approvals from the EPFO if they find that the current coverage is low. In such a case, the EPFO normally exempts an employer from EDLI and the scheme provided by the employer to their employees is called group EDLI policy.

EDLI ELIGIBILITY

Beneficiaries of employees who are working in organizations enrolled under the EPF scheme are eligible to get the EDLI scheme benefits. They get covered even if they shift jobs and work for another employer covered by the EDLI scheme before they complete one year of service. Vishwanath B.G., senior consultant, Mercer, said, “The major amendment to the scheme is continuous service of one year not restricted to one establishment. Earlier, 12 months’ service was applicable under one establishment." Further, the deceased employee must have to be a member of the fund or a provident fund exempted under Section 17 of the EPF and MP Act.

EDLI CALCULATION

For instance, suppose the average salary for the preceding 12 months, if the employee is at wage ceiling levels, is ₹15,000. The average salary will then be multiplied by 35 times, i.e., ₹15,000 x 35 = ₹5.25 lakh (Previously, it was 30 times = ₹4.5 lakh). Note that ₹15,000 is the ceiling under the EDLI scheme for the purpose of this calculation even if your basic salary exceeds this amount. In addition to the above, 50% of the average balance in the provident fund account of the member during the preceding 12 months, subject to a ceiling limit of ₹1.75 lakh (previously it was ₹1.5 lakh), is also paid to the beneficiary family. Hence, the maximum benefit paid will be ₹5.25 lakh + ₹1.75 lakh = ₹7 lakh.

CLAIM PROCESS

You must first know that during employment, the employee files the PF nomination form (Form 2) with the employer, and it is those nominees who are beneficiaries in the event of the death of the employee. “Upon the death of the employee, each of the nominees needs to make a claim of the PF, pension withdrawal and EDLI claim in the composite claim form instead of filing three forms separately (viz. Form 20 for PF withdrawal, Form 10-D for pension claim and Form 5-IF for EDLI)," said Kasturirangan.
The composite claim form can also be used for claiming PF, pension and EDLI together since the nominees are the same. If the claimant is a minor, then the guardian will have to fill the form on his/her behalf. This composite claim form needs to be filed with the employer along with the mandatory documents. The employer would then attest the form, and in turn, submit the form to the jurisdictional Regional Provident Fund Commissioner (RPFC) for processing the claim along with the copy of the nomination made by the employee.

Archit Gupta, founder and CEO, Clear Tax, said, "To get the insurance claim, which is usually a factor of the last drawn salary of the subscriber, the nominee needs to submit the required documents, which are duly filled EDLI Form 5-IF, death certificate of the insured person, succession certificate if the claimant is a person other than the nominee, guardianship certificate if the claim is being filed on behalf of a minor and bank details of the account in which the claimant would like to receive the benefit." The mode of fund transfer has to be mentioned in the form.

"Once the form is submitted, the claim has to get settled in 30 days and if the RPFC is not able to settle the claim within a month's time, he/she will be liable to pay an interest of 12% per annum from the deadline date to the date of actual disbursal," said Kasturirangan.

(The writer is Navneet Dubey.)

TOP

IRDAI CIRCULARS

Topic	*Reference*
Covid19 Corner	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4137&flag=1
IRDAI (Preparation of Financial Statements and Auditor's Report of Insurance Companies) (First Amendment) Regulations, 2021	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4486&flag=1
Exercise of Employee Stock Options (ESOPs) – Applicability of provision of Section 6A (4) (b) of the Insurance Act, 1938	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4482&flag=1
Availability and Renewal of Standard Corona specific products	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4480&flag=1
Report of the Working Group (WG) to revisit the product structure of Title Insurance	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4481&flag=1

TOP

GLOBAL NEWS

Indonesia: Life insurance sector sees premium income jump by 25% in 1Q - Asia Insurance Review

Life insurance business in Indonesia has begun to improve, as is indicated by significant growth in the sector in the first three months of this year. The Financial Services Authority (OJK) noted that the premium income of the life insurance industry rose by 24.77% yoy to IDR50.86tn ($3.6bn) in the first quarter of this year, according to a report by *Kontan*.

Mr Togar Pasaribu, executive director of the Indonesian Life Insurance Association (AAJI), says that the market expects business to increase this year because of the national economic recovery programme, the COVID-19 vaccination drive, the use of technology in business processes and in marketing during the pandemic. In addition, public awareness of self-protection has also increased during the pandemic. The association too is aggressively conducting education to increase financial inclusion in society.

TOP

Singapore: Life new-business premiums soar by 29% in 1Q - Asia Insurance Review

Singapore's life insurance industry recorded a total of S$1.25bn ($942m) in weighted new business premiums for 1Q2021, representing 29% growth compared to 1Q2020 which was prior to the COVID-19 circuit breaker measures, announced the Life Insurance Association, Singapore (LIA Singapore) yesterday. Mr Khor Hock Seng, LIA Singapore president, said, "Despite the headwinds induced by COVID-

19, the life insurance industry has seen continuous and promising growth. While the pandemic continues to pose challenges for our customers and organisations, it also prompted many to reconsider and better plan for their long-term financial and healthcare needs.

"Life insurers in Singapore will be pro-active in supporting the community to better meet their protection needs, working closely with the government and relevant stakeholders to best manage the situation and fall-out caused by COVID-19."

Significant growth in number of policies purchased online
The number of new policies purchased online increased to 88,565 in 1Q2021 compared to 4,662 in 1Q2020. This has been made possible as member companies press on to digitalise their processes from end to end.

Significant uptake of single-premium products
Single-premium products recorded an 85% quarter-on-quarter increase in weighted premiums amounting to S$541.6m in total for 1Q2021.

a. Single-premium par and non-par products comprised 80% of all single-premium purchases; single-premium linked products made up the remaining 20%.

b. CPFIS-included products comprised 10%; and cash-funded products accounted for the remaining 90%.
Stable uptake of annual premium products

Annual premium products recorded an increased uptake of 5% to S$708.2m in total weighted annual premiums from the same quarter last year.

Integrated Shield Plans (IPs) remain significant
Around 20,000 more Singaporeans and permanent residents were covered by IPs and riders as at 31 March 2021. In total, 2.82m lives – approximately 69% of Singapore residents – are protected by IPs and riders, which provide coverage on top of the government-run basic health insurance scheme, MediShield Life.

Distribution channels

New business from the different channels is as follows:

Distribution Channel	Weighted Premium (%)	Number of Policies (%)
Tied Representatives	31.3	39.4
Bank Representatives	32.2	7.5
Financial Advisers	27.4	26.2
Online Direct Channel	5.1	21.6
Others (products sold without intermediaries)	4.0	5.3

Total new business premiums for individual health insurance for 1Q2021 amounted to S$96.3m. Of this, IPs and IP rider premiums accounted for 84% (S$81.3 million) and the remaining 16% (S$15.0m) comprised other medical plans and riders.

Product classification
Par products accounted for 46% of new sales while non-par products accounted for 30%. Investment-linked products made up the remaining 24%.

Distribution channels
New business from the different channels is as follows:

Total group insurance premiums in-force
Total in-force annual premiums for group insurance business rose by 16% compared to the same period a year ago, totalling S$1.62bn.

The year ahead

Mr Khor Hock Seng, President, LIA Singapore, said, "Life insurers have identified two key priorities for the year ahead – increasing the adoption of sustainable investing and future-proofing our workforce. "As a Strategic Partner of the Green Finance Industry Taskforce (GFIT), the LIA will initially focus on capacity building for the insurance industry, in close collaboration with other insurance sectors.

"With the digitalisation of insurance well underway, our imperative is to enable our workforce to adapt to these new digital tools. Working through the LIA as an industry, the Institute of Banking and Finance (IBF) has customised training for our staff in growth mindset, design thinking and innovation, to equip them to embrace the evolving nature of their jobs."

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South Korea: General insurers see higher motor insurance premiums in 2020 – Asia Insurance Review

South Korean non-life insurers saw surge in motor insurance premiums on pent-up demand for luxury import cars. Korea's top five non-life insurers –Samsung Fire & Marine Insurance, Hyundai Marine & Fire Insurance, DB Insurance, KB Insurance and Meritz Fire & Marine Insurance – reported a combined KRW18.89tn ($16.82bn) in premium revenue through credit card payments last year, reported Pulse News.

Premium payments by plastics have been on a rise from KRW14.58tn in 2018 to KRW16.20tn in 2019. For the first three months of this year, such credit card payments expanded by 10.2% year on year to total KRW4.89tn.

The ratio of credit card payment in total premium also has risen from 26.2% in 2018 to 27.7% in 2019 and 30.3% in 2020. Nearly 70% of credit card payments to non-life insurers are for motor policies in general. Premiums for car policies rose for two consecutive years until last year, with an average annual growth of 5 percent.

In 2020, sales of expensive import cars expanded as homebound rich Koreans during the pandemic restrictions went on a spending spree. Imported car sales jumped to a record 286,685 units in 2020, up 15.9% year on year, according to the Korea Automobile Importers and Distributors Association (KAIDA). Auto insurance rates for import cars are nearly 3.6 times higher than those for domestic brand vehicles.

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