भारतीय बीमा संस्थान
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QUOTE OF THE WEEK

"There are two great days in a person's life - the day we are born and the day we discover why."

William Barclay

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

PoS insurance

Point-of-sale (PoS) insurance is a simple insurance product whose benefits are predefined and disclosed at the time of sale. Its proposal form is easy to fill, and the policy is issued quickly.

Earlier, insurance regulator IRDAI allowed only motor, travel and personal accident cover to be sold under PoS schemes. Last year, however, it expanded the list, permitting pure-term insurance plans with/without return of premium, non-participating endowment plans that state the fixed benefits upfront, and immediate annuity products, to be sold as PoS products.

For instance, Edelweiss Tokio Life's PoS Saral Nivesh, one of the earliest PoS products to be launched, is an endowment plan. The product is simple to understand, with guaranteed benefits that are stated upfront. Entry is allowed till the age of 50 years with a maximum sum assured of Rs 10 lakh. The maximum term offered is 20 years, but the maximum maturity age is 65 years. For a male of 35 years, a cover for Rs 5 lakh (premium payment term - 10 years; policy term - 20 years) will cost Rs 24,917 annually.

On surviving the policy term, he will get the sum assured under the plan. Recently, IRDAI also allowed micro-insurance products (sum assured of less than Rs 50,000) to be sold through PoS.

Source

INSURANCE INDUSTRY

Right technology key factor to survive: Insurance companies - Devdiscourse News Desk – 13th March 2019

Several insurance companies on Wednesday stressed upon the need to use the right technology to manage risks. Speaking at a CII session here, BK Nayak, DGM of National Insurance, said it was not possible to ignore technology to sustain operations in this competitive environment.

Technology would be used to manage technology-related risks; he said adding that it would also help perceive disruptors as competitors. Wholetime director of IFFCO Tokio Anamika Roy Rashtrawar said digitization was the requirement for customers.

She said companies needed to gear up for this or faces the risk of being redundant. By 2020, geo-analytics for health and retail business, usage of drones for crop insurance, telematics for car insurance would become increasingly popular tools.

CFO of Exide Industries A K Mukherjee said insurance was one of the most needed financial products in India. He said it was important to understand the multi-layered economic risk that the country faces and the insurance sector was becoming increasingly important over time.

Saurabh Chaturvedi of HDFC Life said National Pension Scheme was one of the major initiatives taken by the government which would help in building up a corpus for the future as well as a tax saving instrument.

TOP

Source

Jan Dhan Accounts' insurance cover a chimera with less than 10,000 claims paid so far – Financial Express – 9th March 2019

Prime Minister Narendra Modi's financial inclusion programme Jan Dhan Yojana has been a huge success, but its in-built social security feature has failed to take off. The insurance cover that comes with the Jan Dhan scheme remains a non-starter with only 9,566 claims paid from a meagre 12,260 applications.

There are more than 34.73 crore Pradhan Mantri Jan Dhan Account holders in the country and the number of people who received benefits under the inbuilt social security insurance schemes is abysmally low at less than 10,000.

Jan Dhan Yojana was launched in August 2014 by Prime Minister Narendra Modi under a multi pronged strategy to combine financial inclusion with social security and several other services including direct benefit of transfers (DBT) and an overdraft facility. Jan Dhan scheme offers an in-built life cover of Rs 30,000 and another accidental insurance cover of Rs 2 lakh to RuPay debit card holders. Of the total claims made under Jan Dhan Yojana, 5,323 are related to life cover and 4,243 are related to accidental coverage claims.

Compared with the dismal claim ratio of the Jan Dhan Yojana, the ratio for two other social security schemes – Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY) is very high.

According to the latest official data, a total of 1.77 lakh claims were approved under PM Jeevan Jyoti Bima Yojana and an amount of Rs 3,556 crore was paid in three years of the scheme. The flagship insurance scheme offers a maximum compensation of Rs 2 lakh in case of death, including death by suicide.

Similarly, under the PM Suraksha Bima Yojana which offers a life cover of Rs 2 lakh in case of accidental death and a cover of Rs 1 lakh in case of permanent disability for an annual premium of just Rs 12, the claims to enrollment ratio is 0.22%. In the three financial years: 2015-16, 2016-17 and 2017-18, a total of 30,548 claims amounting to a gross sum of Rs 610.53 crore were paid against a total enrollment of 13.48 crore beneficiaries under the scheme.

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INSURANCE REGULATION

Ensure minimal disruptions in insurance JVs: IRDAI tells PE firms – Moneycontrol – 14th March 2019

Private equity (PE) firms may have received a go-ahead to become promoters of insurance companies. But the regulator wants to ensure that the PE firms are serious about the business and are ready to commit for at least 5-7 years.

"The idea is that there should be no short-term disruptions and the PEs should be able to demonstrate that the firms have a long-term view about the company and are not in to make a quick buck," said an official.

For all the new deals that involve PEs, the regulator wants to gauge how committed the firm is and what is their exact objective behind the stake acquisition. All approvals will be subject to these criteria.

IRDAI has mandated that PEs will have to stay invested for a minimum of five years to qualify to become insurance company promoters. Further, PEs also has to set up a special purpose vehicle (SPV) for such investments in the insurance sector.

Insurance penetration as a percentage of India's GDP is at 3.69 percent while the world average is 6.1 percent. This gives the opportunity for growth for the sector and this has piqued the interest of PE players.

Recently, private equity investor True North said it will buy Max India's 51 percent stake in Max Bupa Health Insurance for Rs 511 crore. The transaction values Max Bupa at Rs 1,001 crore, and is expected to be completed in FY20.

Among other firms, PEs are also in race to acquire stake in DHFL Life Insurance. A consortium led by WestBridge is in the final stages of acquiring Star Health Insurance. Unlike other sectors, insurance requires a longer gestation period. Further, the business is highly cyclical, leading to long periods of losses followed by one quarter of profit.

The idea of the regulator is to have more stability in the system and prevent inflow and outflow of money from the industry on an abrupt basis, leading to momentary disruptions. Once IRDAI has a new chairman, further clarity is expected to emerge around the regulations allowing PEs to invest as promoters in insurance companies.

The minimum shareholding by promoters / promoter group shall at all times be maintained at 50 percent of the paid up equity capital of the insurer. PE firms typically have a shorter life-cycle of investments and these companies cash out of investee firms as soon as they see a deterioration in the business quality.

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Source

LIFE INSURANCE

Life insurance needs new framework - The Hindu Business Line – 15th March 2019

In the year 2006-07, Life Insurance Corporation of India (LIC) alone sold over 320 million new life insurance policies. During the year 2017-18, LIC and all the 25 private life insurance companies put together underwrote only 282 million new contracts. Apparently, the liberalisation of the industry hasn't taken a leap forward in spreading the canopy of life insurance protection widely.

The industry may take solace in the CAGR of 17 per cent in the new premium income since the opening of the sector in 2000. However, the growth percentages in isolation sometimes create an illusion of well being of an industry and/or enterprise. But that the penetration of life insurance as a percentage of GDP in 2017 had fallen to 2.76 per cent, from a peak of 4.6 per cent in 2009, when average normal GDP growth was 15.3 per cent between 2010-14, dissipates that comfort too.

India is a sub-continental geography with a huge population of over 1.25 billion; slotted to become the most populated country in the world in just a couple of years. The security against the hazards of 'dying too soon' and more so against the rapidly rising hazards of 'living too long' is woefully inadequate for the larger mass of Indians.

The organised sector, which offers significant economic security, is narrow. The majority of the population works in the informal economy.

The available state (both State and Central government) funded schemes notwithstanding the ardent efforts to scale up, do not fulfil the needs of individuals and families. Despite the hype over 'competitive populism', it is well-neigh impossible for India to don the status of a welfare state like matured European economies and US. Even those economies are now groaning under the impact of social security on the national balance sheets and the benefits are being scaled down; albeit gradually. The growing longevity with attendant increasing health care-cost is becoming a bane of economic misery. The sustainable option is the individual endeavors of the people.

Great potential

The GDP per capita of India has been rising rapidly, increasing the potential for savings. The size of the insurable population and increasing ability of insurable to purchase life insurance products is a reflection of the potential that exists in the country. The industry seems to be missing woods for the trees. Revisiting the policy formulation is overdue.

Globally, two kinds of life insurance company organisation designs are in operation. The first, more prominent globally and being used in India as well, combine manufacturing and distribution in one entity.

In the second, the manufacturing is divorced from the distribution. Both these organisational designs are complemented by stand alone third party distribution networks, which do not undertake manufacturing of life insurance products. One of the solutions for India could be granting more licences for life insurance companies. The UK has over 300 companies for a population of just over 50 million. India too at the time of nationalization of life insurance industry in 1956 had 245 companies.

However, life insurance is a capital intensive business and the gestation period is long. It takes a minimum of seven years to crack, which makes deep pockets and capacity to wait for profitability and returns, an essential requirement. Some of the life insurance companies are in the red even after 10 years of operations, even though value may be shaping in increasing 'embedded' and 'appraisal values'. Hence, the opening of more life insurance companies may not be the ideal option. India needs a much larger size of distribution networks.

With the opening up of the sector, a large number of new independent distribution networks had sprung up. Somewhere along the line, the collusion of manufacturers and distributors led to a series of misconducts adversely impacting customers' interest. The regulator stepped in to correct the situation.

Unfortunately, the knee-jerk reaction killed a large number of standalone third party distribution networks and stunted the tied agency ranks. Ever since regulations have been periodically amended and enforcement strengthened to stamp out unethical and undesirable practices and ensure that outlined compensation frames are strictly adhered to. The gaming of regulations by the economic agents can be prevented only by out-of-the box thinking. Unfortunately, the crackdown has not been followed by an efficacious regulatory design where standalone third party distribution networks and tied agency system can thrive.

As a consequence, the reach of insurance to the uninsured and under-penetrated segments has slowed down. Companies are focusing on the 'ready market' of the insurable. The greater success of bank-sponsored life insurance companies is proof of this. A push on this layer eventually leads to practices that do not necessarily fall within the ambit of regulatory directions, erode the economics of life insurance business and consign the profitability to a distant future.

Need for new design

The current organisation design of life insurance companies seems to have run out of steam. The organisation design is an edifice of an enterprise that integrates people, information and purpose. It also delineates roles, responsibilities and accountability and ensures the commitment of people to vision, strategies and shaping of efficiencies.

The dynamics of environment often render the organisation design and business models inefficient, uneconomical and even irrelevant. More than 50 per cent of the managers, reveals a study, are not able to visualize the onset of obsolescence in time and even when they do, they take comfort in the status quo. A mere tweaking of the regulatory framework even when based on the learnings from enforcement under such circumstances is inadequate to promote a transformation. Radical thinking is the path for the desired outcome.

Life insurance continues to be a 'push business' and the role of leg work will remain relevant even with greater digitization for reasons of last mile human interface. The solution lies in revisiting the organisational design and promoting a large number of remodeled independent third party distribution networks as also tied agency frameworks, which can reach out to the larger population of under-insured and uninsured.

The managers of the industry and the regulator have their work cut out for designing a new ethos and re-engineer the ecosystem for spreading the umbrella of life insurance protection faster and also the orderly growth of the life insurance industry commensurate with the potential.

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Source

Life insurance: Private insurance firms's premium collections up – Financial Express – 15th March 2019

Private sector players reported 16% year-on-year (y-o-y) growth in individual annual premium equivalent (APE) in February 2019, higher than in the past few months. Growth rate had moderated in April-July 2018 but picked up in later months prior to recording some sluggishness in November 2018 and inching up again. On year-to-date (YTD) basis, individual APE was up 11% y-o-y.

HDFC Life reported 6% y-o-y decline in individual APE after witnessing marginal growth of 2% in January 2018. Overall APE was a tad better with 4% y-o-y decline, as its group protection remained a segment of focus. Its business has been a bit volatile this year with 3-37% growth during May-October 2018 followed by decline in November and December 2018.

ICICI Prudential Life saw growth of 8.5% y-o-y in February 2019 in individual APE, marginally lower than last month. After a decline in 3QFY19, the management had guided an improvement in volumes in 4QFY19, which seems to be on track. It has worked on monthly paying policies. On considering overall (individual and group) adjusted APE including accrued but not received premium, its APE, was up 15% y-o-y. With a large base in March 2018 (up 30% month-on-month, we expect growth to moderate in March 2019.

SBI Life's individual APE growth was strong at 30% y-o-y in February 2019, especially against the backdrop of 0.1% decline in January 2019 and 15% year till date. This was its best month YTD. According to the management, its focus has been on streamlining its processes and increasing share of the protection business (up 140 bps quarter on quarter in 3QFY19 to 7.3%). The company seems to be getting back on APE growth though we are not sure if 30% growth rate can be sustained in the current environment.

Max Life's growth in individual APE was strong at 27% y-o-y though lower than 35% growth in January 2019. It has increased focus on ULIPs—a likely reason for its superior growth. Its ticket size in individual non-single segment was up 15% y-o-y, unlike other large players who were flat. Additional investments in proprietary channels will fuel growth further. Birla Sun Life saw 60% growth in individual APE, continuing its high growth momentum (YTD growth of 66%) as it made inroads in HDFC Bank. Tata AIA was up 52%, a YTD growth of 61%.

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Source

Life insurers register 33% growth in new premium income at Rs18,209 cr in Feb – Mint – 14th March 2019

India's life insurance industry witnessed a rise of 32.7 per cent in its collective new premium income at Rs18,209.50 crore during February 2019, data from Irdai showed. The life insurers had collected first-time premium worth Rs13,724.96 crore in same month a year ago.

Insurance behemoth LIC, which has the largest market share of 66.26 per cent, registered a growth of 42.2 per cent in its New Year premium at Rs12, 055.81 crore during the month, according to Insurance Regulatory and Development Authority of India (Irdai) data.

The rest of the 23 market players in life insurance business (market share 33.74 per cent) collected premium of Rs6,153.70 crore from new customers, witnessing a rise of 17.25 per cent from a year ago. Among the private sector insurers, SBI Life's new business premium grew 49 per cent to Rs1,055.32 crore during the month, ICICI Prudential Life 33.1 per cent to Rs1,039.14 crore and Aditya Birla Sun Life 21.6 per cent to Rs222.26 crore.

Aegon Life new business premium jumped 59.3 per cent to Rs48.26 crore, Max Life 23.7 per cent to Rs529.77 crore, and Kotak Mahindra Life collected new premium of Rs403.01 crore, witnessing 15.25 per cent growth from a year ago.

Of the players that registered dip in their new premium income were HDFC Life at Rs1184.46 crore, down by 0.54 per cent from a year ago; DHFL Pramerica Life at Rs65.01 crore, down 51.7 per cent; Bharti AXA Life at Rs78.62 crore, down 98 per cent; and Bajaj Allianz Life at Rs328.48 crore, down 11 per cent. The cumulative new business premium of all the 24 life insurance firms during April-February 2018-19 rose by 7.60 per cent to Rs1,77,213.57 crore.

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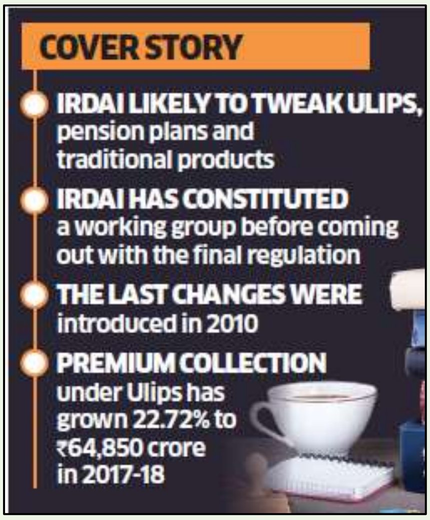
Source

Regulator may tweak rules governing Ulips – The Economic Times – 11th March 2019



The insurance regulator is set to revamp rules governing Ulip schemes for the first time in seven years as it tries to improve the product proposition. The regulator, Insurance Regulatory Development Authority of India (Irdai), is likely to tweak Ulips, pension plans and traditional products. It is likely to relax norms on buying annuity after the accumulation phase, do away with minimum capital guarantee, and allow partial withdrawal on pension plans. Similarly, insurers can be allowed to charge extra premium for buying riders with Ulips. Irdai has constituted a working group to consider the recommendations of stakeholders and the Committee on Review of Product Regulations - Life before coming out with the final regulation.

"Insurance companies will have an option to charge for riders by cancelling units, or by charging extra premium. However, companies will prefer to charge premium so that they can give commission to agents," said an actuary who did not wish to be identified.

At present, units are deducted from Ulips if one buys riders with it. Insurance companies offer various riders with Ulips such as critical illness and unit deduction is optional. In what would revive the pension insurance space, the regulator is likely to relax norms on buying annuity after the accumulation phase.

Also, like other pension products including the PPF, partial withdrawal could be allowed for reasons such as illnesses, child marriage, and education in insurance pension plans as well. Minimum capital guarantee would be made optional. Today, companies have to invest heavily in debt to offer minimum guarantee. "The big changes in pension products, including the option on capital guarantee, partial withdrawal and freeing up annuity norms will make pension plans attractive," said Anil Kumar Singh, appointed actuary, Aditya Birla Sun Life Insurance. On traditional products, the surrender value at present is paid on 10-year plan premium paying term if the policyholder has paid a minimum of two years, and for products above 10 years premium paying term, if one has paid for premium for three years.

The regulator has proposed to guarantee surrender value irrespective of the premium paying term if the policyholder has paid a minimum of two premiums. This will make companies responsible for right selling.

"The regulator's view is that companies have to take responsibility if a policyholder surrenders," said another actuary of a life insurance company. The last changes were introduced in 2010. Earlier, Ulips were front loaded in terms of charges.

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Why 4G ULIPs may be a great investment option for you – Financial Express – 9th March 2019

In the investment circles, the benefits of investing early in life have been repeated over and over again. By the time most of us realize that we should start saving and investing, we find ourselves surrounded with responsibilities and wonder if we have wasted too much time to buy good investment products. The good news is that it is never too early or too late to start investing. The key lies in buying the right investment product.

The primary mantra of investment is that there is no fixed product that can suit all types of investors and/or all needs. You must take your financial goals and risk preference into consideration before investing. Also, if you are starting your investment journey relatively later in life (35+ years), then choosing the right investment product is of utmost importance.

Some factors to consider if you are starting investing later in life
Before you begin looking at investment products, ensure that you are in a financially comfortable place. This means that:
You have a positive cash flow – In other words, you have an annual budget with a clear understanding of your expenses and have some amount left over after paying for all of them. Just in case your cash flow is zero (you are spending all that you are earning) or negative (you have loans or credit card debt to manage regular expenses), then you must figure out ways to either increase your income or cut your costs.

You have an emergency fund – This fund should be able to take care of at least 6 months of your costs.

You have insurance (life, medical, home, etc.) – Insurance acts as a safety net to help you manage unplanned costs without burning a hole in your pocket.

Once you have taken these factors into consideration, determine your investment goals. This can be creating a nest egg for your retirement years, creating a fund for your world tour, etc. Being a late starter, most experts would recommend that you do not expose yourself to a lot of high-risk investments like equity. However, every investor is different and you must choose the investment products based on your risk tolerance.

According to the WHO data, the average life expectancy in India is around 67 years for males and 70 years for females. So, even if you are starting investing at 35 or 40 years of age, you can still achieve your investment goals with the right choice of investment products.

Which Investment Products Should You Consider?

An investment advisor is the right person to give you a concrete answer to this question. However, we recommend that you look at investment avenues which offer an opportunity to earn good returns and sync with your investment plan. One such product is a new-age Unit Linked Insurance Plan (ULIP).

In the last one year, there has been significant surge in the demand of new online ULIPs that promise to be low cost with zero commission and low charges. In its attempt to become more customer-centric, the new-age online ULIPs have either reduced it to minimal or completely removed the charges, except the fund management cost which is also charged in the mutual funds. Thankfully, IRDAI has even mandated fund management charge of 1.35% or less on new age ULIPs.

Reasons Why ULIPs Can Be a Great Choice

One of the greatest advantages of ULIP is that it is the only investment product that offers maximum transparency to its customers as all expenses are clearly stated beforehand. The insurers have now come up with the concept of 4G ULIPs which are basically zero-commission products attached with loyalty bonus and additional allocation opportunities.

Moreover, the fund management charges in the 4G ULIPs available in the market today are as low as 1.35%, and for the benefit of investors, the products are structured in such a manner that they make ULIPs highly competitive in comparison with mutual funds.

The performance of 4G ULIPs is better than most other investment products in terms of returns and charges. Some other celebrated features that make ULIPs better than the rest include zero policy admin charge, zero premium allocation charge and most importantly, mortality cost that gets returned to the customer on maturity of the plan.

Most importantly, the exclusion of long-term capital gains (LTCG) tax in the Union Budget has made ULIPs one of the favoured investment instruments amongst investors looking for higher returns. As per the government regulations, the premium paid up to Rs 1, 50,000 against the investment in ULIPs is tax free under the Section 80C of the Income Tax Act, 1961. Also, the interest earned on investment in ULIPs is completely tax-free. However, in case of mutual funds, the customers have to pay 10% tax on the interest earned if the amount exceeds Rs 1, 00,000.

How to Invest in ULIP?

Basically, there are two different ways of investing in 4G ULIP plans available in the market and the consumers have the prerogative of choosing one as per their convenience. While the first one is annual premiums, the second one is systematic investment plans. ULIPs work on the concept of 'rupee cost averaging' under which the cost at which the investor purchases the specified units of a fund is averaged.

As per the market experts, 'rupee cost averaging' is one of the finest ways to minimise the guessing game as the investor invests a fixed amount of money at regular intervals regardless of the market condition.

With this process in place, it is made sure that the investors buy more units when the markets are low and lesser units when they are high. For people who cannot afford to invest a lump sum amount, the insurers give the option of going with the monthly premium payment method. Under this mode of payment, the market fluctuations are averaged out against the payment made.

Conclusion

No doubt, ULIPs are one of the best investment options available keeping in mind the current market conditions. The ULIPs allow the investors to shift between equities and debt (irrespective of Annual premiums or SIP), even during the first 5 years which is also the compulsory lock-in period. You can use this benefit to your maximum advantage by switching funds based on the on-going market scenario.

With their amazing features like low-risk and high-returns, and easy switch options, ULIPS have today become the right choice of investors who worry about market risks and wish to secure investments. No wonder, ULIPS are an ideal investment solution for the new generation of investors. And remember, it is never too late to start investing. However, ensure that you plan well and buy the right investment product.

Below is a product comparison of some of the best ULIP plans available in the market.

Insurer	Plan Name	Fund Name	Past Performance (5 Years)
Bajaj Allianz Life Insurance	Goal Assure	ACCELERATOR MID-CAP FUND II	21%
HDFC Life Insurance	Click2Invest	OPPORTUNITIES FUND	19.7%
Edelweiss Tokio Life	Wealth Plus	EQUITY TOP 250 FUND	14.7%
ICICI Prudential Life Insurance	Life Time Classic	MULTI CAP GROWTH FUND	13.7%
Max Life Insurance	Online Saving Plan	Growth Super Fund	13.5%

Updated as on 21 Feb 2019; Source: www.policybazaar.com

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Source

GENERAL INSURANCE

Insurers unlikely to take hit on grounding of B737 MAX 8 planes, say industry officials – The Times of India – 13th March 2019

The grounding of Boeing 737 MAX 8 planes is unlikely to have any impact on domestic general insurers that have provided insurance to such aircraft, according to officials.

As many as 12 B737 MAX 8 planes of budget carrier Spice Jet have been grounded amid safety concerns in the wake of a plane crash in Ethiopia on Sunday that killed 157 people.

A top official of a public sector general insurance company said there would be no impact on insurers due to the grounding of the 737 MAX 8 planes.

Insurance companies already get their premium in advance and liabilities are paid when there is some damage or accident during an operation, an official of a private sector non-life insurer said.

The probability of any claims is less when planes are grounded as a result of which there would be no financial implication, the official added.

Only Spice Jet and Jet Airways operate 737 MAX 8 aircraft in the country. However, crisis-hit Jet Airways has not been operating its five such planes due to non-payment of dues to lessors.

On Tuesday, the Directorate General of Civil Aviation (DGCA) decided to ground 737 MAX 8 aircraft. DP CS RAM

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Source

Travel insurance online: Make sure you pack this in as you head to participate in colourful events around the world – Financial Express – 13th March 2019

While on a holiday, you can always choose to relax by the sun-kissed beaches, try some thrilling adventure, spot exotic wildlife at its expansive national parks or simply attend some of the world-class festivals and events, the destination hosts annually. Yes, a plethora of lively and vibrant festivals are organized annually at various international locations that grab the attention of holidaymakers from all across the globe. While being a part of such festivals, it is important to take the appropriate measures to manage the risks well when travelling to a foreign land. It is quite visible that travel-related risks are increasing year-on-year, making it most important for the travellers to take the necessary precautions and protect themselves with adequate travel insurance when going abroad on a holiday.

One such festival that sets people on a mad scramble to book flights to Australia is The Melbourne International Comedy Festival. Held in Melbourne annually for over four weeks – 27 March – 21 April, 2019, this festival is one of the three largest comedy festivals in the world.

The Melbourne International Comedy Festival packs in an enormous program of stand-up comedy, street performance, cabaret, theatre, radio, film, visual arts and television. People planning to visit Australia to be a part of the wonderful event and further explore the marvelous wonders of the country can buy travel insurance for as low as Rs 120 per day for two people with a total sum insured of $1,00,000. Religare provides travel insurance for Australia at Rs 143/day, while SBI General Insurance's travel plan is available at Rs 165/day for two persons.

The much awaited ICC World Cup 2019 is soon going to be hosted by England and Wales from May 30, 2019 to July 14, 2019. A lot of fans are expected to reach down under to catch the live action of one of the world's biggest sporting events. People planning to book flights for England are advised to book travel insurance along for a safe and secured trip. Travel insurance for England can be bought for Rs 100/day for two persons from HDFC Ergo, Rs 132/day from Religare, Rs 130/day from Digit and Rs 305/day from Apollo Munich. The total insured under all these travel plans is $1, 00,000.

All these insurance plans provide adequate cover against events such as terror attacks, natural disasters and medical crises. Moreover, at events like those mentioned above, cases of overcrowding, stampede, loss of personal belongings, etc. are very common. Crowded places like festivals are hot spots for pickpockets. Apart from this, it is very common for flights to be cancelled due to unexpected events related to unfavorable weather conditions. This alone can cost you tens of thousands of dollars, let alone in the event that you need medical attention or evacuation. Considering all these factors, it is important to find the 'right' travel insurance product that covers every eventuality. And this is because apart from those who do not buy any travel insurance at all, there are equal numbers of people who do not have the required travel insurance for their needs.

Having travel insurance and unexpectedly finding out that you are not covered for a specific event, or say having insufficient cover can be devastating if the unforeseen happens. It is always advised to consider every possible risk when buying travel insurance cover for an upcoming trip. Fortunately, with product innovation, choices in travel insurance plans have increased exponentially in the country.

In case of an adverse medical condition due to different climatic conditions or even because of food poising abroad, you can easily avail the best possible medical facilities available at your destination with the right travel insurance. Apart from medical cover, your travel insurance also provides adequate cover against trip cancellation, trip delay, loss of passport, checked-in baggage or personal belongings, and personal liability. Another excellent feature of travel insurance is Emergency Cash Advance wherein, in case of an emergency situation like burglary, theft and mugging in a foreign land, the insurer arranges for emergency cash advances from his sources to help you.

Conclusion
Travelling is regarded as one of life's most enjoyable activities by most people; nevertheless, there are a plethora of unexpected problems that may occur during the trip. In such a scenario, adequate travel insurance allows globetrotters to enjoy a better experience when travelling to a foreign land. Travel insurance gives you utter peace of mind that only comes from knowing that you are protected against any financial loss due to unforeseen events.

TOP

Source

Insurance cos bet big on drones – The Times of India – 12th March 2019

The general insurance industry that has been deploying several tech tools to improve service delivery, is now betting big usage of drone technologies to speed up the process of risk assessment, monitoring, damage assessment and record keeping, among others to bring in efficiencies.

Sanjay Datta, chief (underwriting and claims), ICICI Lombard General Insurance, pointed out that as insurance regulator IRDAI moots changes in norms for surveyors to ensure speedy settlement, the usage of emerging technologies such as drones can reduce claim settlement time.

Datta explained that drone technologies can be used in instances where insurance companies' personnel either find a location very difficult or risky to access. Besides, if there is a higher cost involved in sending staff to a location, especially in cases where choppers need to be pressed into services (like in the case of natural disasters), drones can be a better option.

"The biggest advantage is that drones are able to capture images in a standardised manner that human beings cannot. One can analyse and act accordingly based on the images," he said. ICICI Lombard General Insurance has used drone technology in the area of crop insurance in Gujarat to assess the quantum of cultivable land and actual yield.

Taposh Nandi, senior vice-president and national head (claim commercial lines), Tata AIG General Insurance Company Ltd, pointed out that besides the regular usage of drones in weather insurance for crop assessment and risk assessment of solar and wind farms during the underwriting process, the company has also been extensively using the technology in claims settlement process.

"For instance, back in 2016, when the south-east coast was hit by Cyclone Vardha, we deployed drones for primary assessment of infrastructural damage caused to property spread over nearly 70 acres within four hours and processed the data within a day, which otherwise would have taken 10-12 days via manual operations. Claims settlement was effected within two week of the loss, which highlights the tremendous potential of this technology in providing superior service to the customer," he explained.

Meanwhile, Cigna TTK Health Insurance Company Ltd MD and CEO Prasun Sikdar said drone technology can come in handy in the case of accidents, where it is important to file an insurance claim as soon as possible. "In some cases, it can be difficult for insurance claims adjusters to safely reach a scene and document it promptly. Thus, to assist in processing claims more quickly, drone technology can be used to take photos of an accident scene and insurers can use that collected data to verify claim details submitted by the insured," he explained.

"Insurance companies are already deploying mobile technology, wearable tech, telemedicine and information sharing platforms to enhance customer service proposition and in the foreseeable future, drones along with other technologies like block chain, analytics and artificial intelligence will assume many tasks to improve business functions, including claims management and underwriting," Cigna TTK Health Insurance Company Ltd MD and CEO Prasun Prasun Sikdar.

TOP

Source

Aviation insurance premiums may rise by 15% due to Ethiopian Airlines crash – Moneycontrol – 11th March 2019

Airlines could face a 10-15 percent increase in insurance premiums following the Ethiopian Airlines crash on March 10 that led to the loss of 157 lives. While Indian insurance companies are said to have a 'minimal exposure', frequent accidents have led to tighter pricing for aviation insurance.

Globally, in regions where the crashes happened, premiums have gone up by 20-30 percent in 2019. "There was the Lion Air crash and now the Ethiopian Airlines crash. This is a worrying trend since these are new aircraft and this will impact premiums for airlines this year," said a senior official of a large insurance broking firm.

Aviation insurance market

Aviation insurance follows a consortium route where there is a lead insurer and the rest of the insurers. This is because of the size of the risks and incidence of claims during a crash. In the past 4-5 years, there have been multiple cases of airline accidents including the Malaysian Airlines flight 370 going missing (227 fatalities), Cubana Flight 972 crash (112 deaths), Malaysian Airlines Flight 17 crash (298 deaths), Lion Air crash (189 deaths) among others.

Montreal Convention for air crashes

Most of the countries follow the Montreal Convention of 1999, which covers norms with respect to carriage of passengers by air. Article 50 of the Montreal Convention says states should make sure their carriers have adequate insurance covering their liability under this convention. A carrier may be required by the state in which it operates to furnish evidence that it maintains adequate insurance covering its liability under this Convention. More than 100 countries are party to this convention including China, India and Malaysia.

With respect to the air-carrier liability, the Montreal Convention has established a 'two-tier' system of liability. As per these rules, a carrier has a minimum liability for damages not exceeding 113,100 Special Drawing Rights or SDRs. One SDR was equal to $1.41 or Rs 97 (for India) in the first week of March. This varies with time and region. The insurance premium for each aircraft depends on its SDR, and also on the type of the plane, among other factors. This is over and above the compensation that families of those who have lost lives, can claim.

TOP

Source

Keep your travel insurance handy – Mint - 9th March 2019

Summer vacation is just around the corner and many may have already started planning their trips and booking tickets. However, travel insurance is usually not on the priority list.

"Typically, for countries where there is visa on arrival, which includes most south-east Asian countries, a large section of people don't opt for travel insurance. For most European and North American countries, it is mandatory to have travel insurance. It almost is a prerequisite for travellers that they take insurance," said Rohan Kumar, CEO and Co-founder of Toffee Insurance, an online insurance technology company. If you have not gotten your travel insurance yet, here are some parameters that can help you navigate the policies available in the country.

Premium and cover

Typically, the cost of travel insurance is minimal. “For a 30 year old, travelling to a South-east Asian country for nine days, a travel insurance with sum insured of $25,000 (around Rs. 18 lakh) will cost approximately Rs. 400-500," said Mahavir Chopra, director of Health, Life and Strategic Initiatives at Coverfox.com, an online insurance platform. The hospitalisation cost is likely to be higher overseas, so taking a higher cover is a good idea. Also, the premium is not costly.

There are multiple insurance companies that offer travel insurance and the cost can vary based on age, sum insured and location of travel.

Exclusions

You don’t want to be in a situation where you have an insurance cover and not get the benefit of it. Hence, you need to take a closer look at the exclusions, which refers to the services you can’t avail as part of the scheme. “The exclusions will include pre-existing diseases and is standard across all insurance companies. You should also read carefully about the deductibles. For instance, you may have to pay say the first $100 from your pocket and the rest of the amount will be paid by the insurer," said Chopra. You have to ensure that the deductibles are not too much, so you don’t end up spending more.

Service

Most travel insurance will cover flight delays, hospitalisation, baggage loss and loss of documents. Most travel insurers don’t do medical checkups. The eligibility age is usually up to 80 years. You will also need to communicate with your insures for the service. Hence, it is important to know how convenient the communication process will be. Do check for toll-free numbers that you can call where your queries can be addressed.

[TOP](#)

Source

HEALTH INSURANCE

Less than 26% individuals have health insurance in region - The Tribune – 13th March 2019

The health insurance penetration in the region comprising Punjab, Haryana and Chandigarh continues to be abysmally low due to lack of awareness. According to data, merely 1.53 crore individuals or less than 26% of the total population in the two states and the UT of Chandigarh was covered under any health insurance in 2017-18.

Despite the expansion of private sector coverage in the region, growth in health insurance is mostly driven by government-funded schemes or social insurance followed by private sector coverage which is largely limited to urban households. The penetration of individual health insurance policies is extremely low.

In Haryana, a majority of the individuals are covered under insurance by corporate players or employers where these individuals are employed whereas in Punjab a significant portion of the population is covered under government-sponsored health insurance schemes. The number of employed persons covered by health insurance in Punjab is very less as a majority of the units fall under micro, small and medium enterprises.

In Haryana, around 44.15 lakh individuals are covered under group health insurance offered by employers compared to 4.98 lakh in Punjab and Chandigarh.

According to the data, only 22 lakh individuals have bought individual policies in these two states and Chandigarh. According to insurance players, lack of awareness is the prime reason for low penetration of health insurance.

"A huge part of North Indians don't buy health insurance to finance their medical expenditures because of lack of awareness. Taking a step in this direction, the industry is planning to run a campaign on the lines of mutual fund industry," said Mayank Bathwal, CEO, Aditya Birla Health Insurance Company Ltd.

He said the launch of government's flagship health insurance scheme under 'Ayushman Bharat', which is aimed at covering around 50 crore individuals, will increase the awareness about health insurance.

"In order to increase the penetration of health insurance policies, insurance players are working on various customer-centric programmes. Since customers are more digitally inclined, we have built a pro-health digital ecosystem. It also enables the consumer to search for nearest doctors and pharmacies," he added.

Perturbed over low rate of coverage, especially in the rural areas, and high expenditure on health services, the insurance regulator has urged private insurance providers to reach out to uninsured in the remote areas. Healthcare providers have been asked to devise mechanisms to keep cost of treatment in check.

Currently, 62% of the average health expenditure in India is borne out of pocket against the world average of 18%, Insurance Regulatory and Development Authority of India (IRDAI) said.

Across the country, over 48 crore people are covered with health insurance. There are three forms of insurance coverage providers - government (35-40 crore individuals), corporate (approximately 7 crore) and retail (3-5 crore) where individuals purchase the policy. Currently, Indian health insurance industry is pegged at Rs 45,000 crore and is growing at 25% annually.

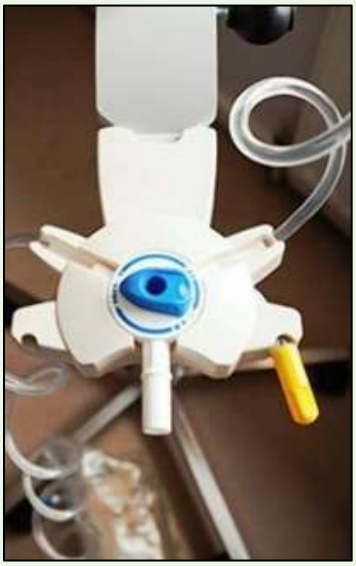
TOP

Source

'Insurance claims for renal diseases on the rise' - The Hindu Business Line – 13th March 2019

Kidney-related health disorders seem to be on the rise among millennials, though heart attacks and neurological disorders continue to be the top life-threatening ailments across the country, according to a study by SBI General Insurance.

The study has revealed that 4 per cent of the total health insurance claims paid out are for those related to kidney disorders. Renal disorders are, in fact, the second-highest disease settled for as they are also associated with heart-related issues.



"About 70 per cent of claims settled for kidney-related ailments over the last four years are under the non-surgical category, where most of the diseases are managed with dialysis," the study released on Wednesday said, adding that there has been a year-on-year increase between 2015-16 and 2018-19.

It also found that the majority of claims – amounting to 69 per cent – are paid from metro cities, while 31 per cent are from non-metro cities.

"This could be due to the specialised treatment and dialysis facilities available in metropolitan cities," it said. The study further revealed that of the total claims related to renal disorders, a majority was made by men at 49 per cent in 2018-19, compared to 44 per cent by women.

'A silent killer'
Sukhesh Bhave, Head, Accident and Health Claims, SBI General Insurance, said: "In its early stages, chronic kidney disease can lurk silently in the body, showing fewer or no symptoms at all.

"However, as time passes, it starts affecting the vital organs, leading to impairment and failure."

TOP

Source

Why India must chew on African model in health innovations - The Hindu Business Line – 12th March 2019

With cries for a universal health coverage echoing at the Africa Health International Conference in Kigali, there are lessons that India could take back home.

Aisha Mukamana holds her one-year-old daughter close as she waits for her turn in the vaccination room at the Kabusunzu health centre, eight miles away from her home in Kigali, Rwanda. "I don't bear any healthcare-related expense. My insurance takes care," she says.

The Mutuelle de Santé community-based health insurance, offered by the government, provides easy access to primary, secondary and tertiary healthcare. The Kabusunzucentre serves a population of over 28,000 and sees 5,000 patients every month.

Rwanda has 500 health centres at the sector or village-level and 43 district-level hospitals that together cater to the small country's 12 million population, 84 per cent of whom are fully covered under the government's community health insurance. The premium is cross-subsidised by the government and higher-income beneficiaries. While those like Mukamana can access the services free of cost, people who earn more pay a subsidised consultation fee that averages to 200 Rwandan Franc or $0.2.

Multi-pronged approach
Five kilometers away, at Kigali, African nations were putting their heads together to draw example and other regional success stories from Rwanda to make quality public healthcare a human right. The Africa Health International Conference, held between March 4-7 saw the participation of 1,500 stakeholders from across the African subcontinent and the developing world.

With the subcontinent's growing population, mounting healthcare expenses and widening income inequality, the health of a nation has never been in more peril, says GithinjiGitahi, group CEO of Amref, Africa. UHC is the need of the hour.

“The end point of UHC is when an entire population of a country, from the vulnerable to the middle class and beyond, are covered by a safety net for health. It can’t happen overnight,” says PriyaBalasubramaniam, senior public health scientist with the Public Health Foundation of India. While Kenya is months into a rather successful public health insurance pilot programme that fully covers over 90 per cent of the population in pilot areas, Ghana has improved access to healthcare through subsidised insurance coverage for low-income groups.

Ethiopia has scaled financial and human resources in health, bettering investment and improving access to achieve UHC. The goal, agreed stakeholders, needs a multi-pronged approach requiring innovative technology and responsive ideas from the private sector.

The six African countries, including Rwanda, have allocated 15 per cent of the national budget towards health, India has still been unable to spare more than 2 per cent. Also, Africa has leap-frogged in using mobile technology.

Uganda’s rapid response technology and early detection systems helped control one of the largest Ebola outbreaks. Rwanda is also using technology apps such as Babyl (which uses artificial intelligence and mobile technology to connect patients with doctors on the phone) and Zipline (which uses drones to deliver crucial medical supplies while overcoming geographic challenges).

Trans-national vision

Last September, Prime Minister Narendra Modi had launched Ayushman Bharat scheme, tipped as the world’s largest government healthcare programme, that promises a Rs5,00,000 health insurance coverage to 10 crore vulnerable families or 50 crore individuals in India. Balasubramaniam and others believe that while the scheme itself has been important in putting the spotlight on a much-neglected area of providing substantive health insurance taking a step towards UHC, there are challenges. “Can we create a trans-national vision for UHC that transcends across States?” asks Balasubramaniam.

The Indian government invests in technology innovations like DBT (Department of Biotechnology), BIRAC and C-camp who enable health technology. Both the Indian and African subcontinents, believes Subramaniam, are no longer looking at themselves as fragile developing nations.

“There’s a buoyancy in the way these countries are thinking about themselves. If health is a part of that buoyancy to be more successful countries, then UHC is not too far.”

TOP

Source

Activist to PMO: Why is health insurance charged 18% GST? – DNA – 12th March 2019

With the financial year coming to an end, tax-saving is on everyone's mind. Taking this a step ahead is MP activist Chandrasekhar Gaur who has written to the Prime Minister's office and asked that the 18 per cent GST on healthcare insurance be removed, citing healthcare to be a basic need.

While over 2.43 crore people have been registered under Ayushman Bharat — the world's largest healthcare scheme — those who are not covered under the government scheme will have to turn to the private sector and pay heavy premiums with high GST, said Gaur, an RTI activist from Neemuch.

"Health is every person's basic right. With its Ayushman Bharat Yojana, the government has covered the vulnerable groups, which I understand is required. But what about the huge population that is middle class? Why are they forced to pay a whopping 18 per cent GST on healthcare insurance?" he said, adding, "With inflation in medical treatments, Medi claims are the need of the hour."

In his letter, he has pointed out the degrading healthcare facilities at government hospitals, which force common man to move to private hospitals. With no regulation on prices at private healthcare institutions, a middle-class man is forced to buy health insurance, now with huge premiums including 18 per cent GST.

While the GST on healthcare insurance qualifies for a tax benefit, but it totally depends on the salary slab, said Jitendra Surana, a finance expert.

MONEY SPEAKS
The GST on mediclaim qualifies for tax exemption under section 80C and 80D, but it depends on the individual's salary slab, say finance experts.

Source

TOP

To fund Ayushman Bharat, govt plans to evaluate cost of health services first – Mint – 12th March 2019

The centre has decided to evaluate the cost of health services in India to help it undertake strategic planning for its ambitious health insurance programme, Ayushman Bharat, which requires a huge amount of funds. The move is aimed at improving overall financing of healthcare services in India.

The department of health research (DHR), under the ministry of health and family welfare, will evaluate the escalation in both administrative and infrastructure costs, and also compare it with the private sector.

The discussions on the concept and methodology to evaluate the cost of healthcare services in public and private sector are complete and officials are all set to present the proposal to higher authorities for approval.

"The world over, countries have a pricing and strategic financing mechanism. With Ayushman Bharat, India, too, will need to develop such a mechanism," said Arun Gupta, executive director, National Health Authority.

"We have involved several government healthcare institutions and private stakeholders in our finance evaluation, including the Postgraduate Institute of Medical Education and Research (PGIMER), Chandigarh, and the Insurance Regulatory and Development Authority (IRDA)," Gupta said.

The Indian Medical Association (IMA), the Association of Healthcare Providers, India, (AHPI), the Clothing Manufacturers Association of India, and the Federation of Indian Chambers of Commerce and Industry (FICCI), which have estimated the unit cost of healthcare services, have told the DHR that disparity in data collection and redundancy within the system should also be taken care of in the costing exercise.

"The accreditation of hospitals should also be factored in while conducting the costing study. Multiple hospitals in different tiered cities need to be included in the study. There needs to be more sampling of hospitals from lower sectors," a senior health ministry official said, requesting anonymity. "The cost of technology, recurrent costs, cost of financing, and cost of inflation should be taken into account while undertaking costing of health services," the official said.

PGI, Chandigarh, has already conducted a study on the cost of delivering secondary-level healthcare services through public sector district hospitals in Punjab and Haryana and has also published the findings in the recent edition of Indian Journal of Medical Research.

The researchers carried out a cost and quantity analysis of all resources, including capital and recurrent expenses, used for delivering services and pegged the overall annual cost of delivering secondary-level health care services through a public sector district hospital in north India at about Rs11.44 crore. Human resources accounted for 53% of the overall cost. With the current set of resource allocation, per-capita cost of providing healthcare through district hospitals in north India stood at Rs139.

“We attempted to determine the unit cost of an outpatient consultation, inpatient bed-day of hospitalization, surgical procedure, and overall per-capita cost of providing secondary care through district hospitals. The estimates obtained can be used for fiscal planning of scaling up secondary-level health services," said Shankar Prinja, additional professor, Community Medicine and School of Public Health, PGIMER, Chandigarh.

The Ayushman Bharat—Pradhan Mantri Jan ArogyaYojana (AB- PMJAY), also dubbed Modicare, which is billed as the world’s largest health assurance scheme, aims to provide free health insurance of Rs5 lakh per family to nearly 40% of the population—more than 100 million poor and vulnerable families—based on the Socio Economic Caste Census.

The premium payment expenditure will be shared by the central and state governments. The scheme covers most secondary and many tertiary hospitalizations, which poor people usually cannot afford. The government will need a lot of funds to finance the scheme.

TOP

Source

Settlement of health-cover claim must improve, says IRDAI chief - The Hindu Business Line – 11th March 2019

Insurance regulator Insurance Regulatory and Development Authority of India (IRDAI), on Monday, asked health insurers and health providers to raise the bar on “claim settlements”, stating that a disproportionately large number of complaints to the regulator are related to health policies.

Quick settlement

Insurance companies and health providers must practice the highest standards of ethics and ensure that claims are settled quickly and grievances minimised, said Subhash Chandra Kuntia, Chairman, IRDAI, at a FICCI conference on health insurance. Kuntia also urged health insurance companies to keep insurance policy wordings simple and understandable to the general public.

“This is one major area of concern. Many people realise afterwards at the time of making claim that certain things are excluded and feel they could have bought other products. We need simple products for the general public,” he said.

Misunderstanding should also be avoided when it comes to health insurance policies, he said. “There is huge potential for growth. We must grow sustainably, and we must grow in such a manner that all stakeholders benefit together. We cannot think of quick gain at the expense of somebody else. Clients must benefit, otherwise businesses will not sustain,” he added.

Affordability issues

Kuntia also felt that health insurers should look into the affordability of policies. “We need to change the landscape of health provision in the country so that availability of health services to common people can be realised,” he said.

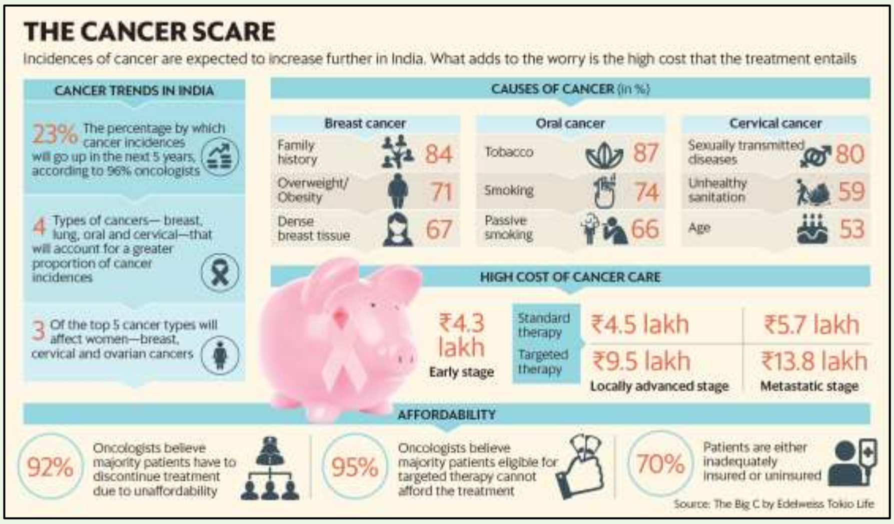
Health insurance industry should promote wellness in a big scale through incentives. “If engagement with policyholders gets intense, we should be able to make a dent in the health situation in the country,” he said.

TOP

Source

Choose critical illness plans over cancer policies – Mint – 11th March 2019

Cancer is known to be one of the leading causes of mortality, globally. According to data from the National Institute of Cancer Protection and Research (NICPR), 2.25 million people in India are currently living with cancer and each year, about 1.15 million new cases get added to the list. Moreover, the cost of cancer treatment is steep, and is unaffordable for a vast section of people.



While you can make lifestyle changes to avoid things or habits that are known to lead to cancer, you can never be sure if you are doing enough. What you can do, however, is protect your family and yourself financially by taking insurance.

High incidence of cancer

A recent survey by Edelweiss Tokio Life Insurance Co. Ltd, titled The Big C, said incidences of cancer are likely to rise by 23% in the next five years. The survey interviewed 100 oncologists across 15 cities who consult around 406 patients in a month.

Cancer can be detected at the early, locally advanced or metastatic stages. The Edelweiss Tokio Life report said that most cases are detected at the locally advanced stage which essentially is the stage two or three of cancer. “Non-specific symptoms in initial stages of most cancers often lead to late diagnosis by which time the cancer usually has progressed to an advanced stage. Lack of awareness of the warning signs, poor health-seeking behaviour of individuals and high cost of diagnostic tests are other reasons," said Ravi Mehrotra, director, department of health, ICMR-NICPR, and researcher, ministry of health and family welfare, government of India.

High cost of treatment

Though there have been significant medical advancements over the years and most oncologists agree that survival rate post one year of late-stage cancer has improved, the problem of unaffordability persists. Of the oncologists surveyed by Edelweiss Tokio Life, 92% believe that a majority of patients discontinue treatment due to high treatment costs. About 25% patients in early stages of cancer discontinue the treatment due to high costs; 33% patients at the metastatic stage drop out due to unaffordable costs.

“Cost-intensive drug development resulting in higher costs of available chemotherapy drugs as well as other modalities of treatment, including surgery and radiation, are the main reasons for unaffordability of cancer treatment. Limited public healthcare facilities providing cancer treatment are also responsible for this," said Mehrotra.

Cancer insurance

One way to deal with the high costs is taking insurance. Cancer-specific policies are designed to help mitigate risks associated only with cancer. They are defined benefit plans and generally give out a lump sum once you’re diagnosed with cancer. “Most insurers give a lump-sum benefit after the diagnosis. Some policies operate like an indemnity plan which work like regular health insurance policies," said Abhishek Bondia, principal officer and managing director, SecureNow.in, an insurance intermediary.

“The benefit of having an indemnity cancer plan is that it covers you for the expenses after you’re diagnosed and the policy can also be continued lifelong. The likelihood of a relapse is quite high, so an indemnity policy helps," he added.

The premium for a cancer policy is much lower than a critical illness policy and these policies give a 20-30% payout in case of early-stage cancer, unlike a critical illness policy, which covers you only for advanced stage of cancer treatment. In case of advanced-stage diagnosis, cancer policies pay out 100% of the sum assured.

Should you buy one?
It could get overwhelming to understand what you should buy, given the choices in the insurance industry. But experts say the first plan you must go for is a regular health insurance plan with adequate sum assured.

After buying that, consider a critical illness plan which gives high coverage and isn’t restricted to one particular illness, unlike a cancer-specific policy that covers only cancer. Critical illness policies cover 30-35 illnesses. “A cancer plan is more relevant if you have a family history. If not, it is better to first buy a critical illness plan. Regular health plans also cover cancer, so the principal advantages with an indemnity cancer plan is that OPD expenses are covered and a sum assured is set aside for cancer," said Bondia.

If you already have a regular health plan in place, buy a critical illness or cancer policy, according to your needs.

TOP

Source

CROP INSURANCE

Maharashtra rejects more agri insurance claims even as farm suicides double - Down To Earth Magazine – 11th March 2019

Over the last four years, the number of farmer suicides has doubled in Maharashtra — from 6,268 farmer suicides between 2011 and 2014, to 11,995 between 2015 to 2018, according to an Right to Information (RTI) reply by the Maharashtra revenue department.

A lofty insurance scheme initiated in December 2018 for farmers does not cover suicides thereby defeating its very purpose. And this may just be the tip of the iceberg.

Even the paltry compensation of Rs 1 lakh is being denied to many farmer families. For example, in 2014, 1,358 farmer families received the compensation, while 674 cases were rejected. In 2018, the number of rejections increased to 1,050 and cases approved fell to 1,330.

Among all the divisions in Maharashtra, Amravati has recorded the highest number of suicides over the years and, is known to be the worst drought-affected area in the state. Amravati is part of the Vidarbha region which has seen farmer suicides for decades now. While a majority of cases of compensation have been rejected here, in both 2016 and 2018, the number of rejections far exceeded the number of cases approved.

Data shows that in 2016, while 465 cases for compensation were approved, 541 cases were rejected. Similarly, in 2018, while 398 cases for compensation were approved, 454 cases were rejected. It is the police that register a death as a suicide. Further, only the families aware or informed about the compensation process apply for it before the relevant authority.

“The criteria for rejections are ambiguous and it depends entirely on the whims of the committee that decides if the claim fulfills the compensation criteria. Sadly, most of the committees are insensitive to the situation of farmers,” said Mumbai-based activist Jeetendra Ghadge, who made the RTI query.

It may be recalled that in March 2015, then state Revenue Minister Eknath Khadse had announced an increase in compensation from Rs 1 lakh to Rs 5 lakh. He also announced a life insurance policy that would cover all farmers.

An RTI query on the same reveals that the decision on Khadse’s announcement is still pending. In regards to the life insurance scheme, the state government initiated the ‘Gopinath Munde Accident Insurance scheme’ on December 1, 2018, states the RTI reply.

“Sadly, when examined closely, the circular only covers ‘accidents’ and does not mention the word ‘suicide’,” says Ghadge. He adds that this “defeated the very purpose of the insurance scheme”.

“The situation of farmers in Maharashtra, just like farmers across the country, has only worsened. Loan waivers or crop insurance don't seem to work. Besides, when it comes to rehabilitation of the family whose member has committed suicide, the government seems to reject majority of the proposals for compensation revealing the level of insensitivity,” says Ghadge.

Statistics on “deaths by suicide” are available with the National Crime Records Bureau (NCRB), but only till 2015. The 2016 NCRB data on deaths no more mentions suicides, and no other official data on suicides has been released since then.

An RTI query to the police department in Maharashtra’s Sangli district revealed that 1,988 farmers committed suicide between January 2011 and October 2015, but only 39 cases were attributed to the debt burden. Further, of the 39 cases, only 18 families have received compensation from the state.

Official records reveal reasons for the suicides to be “mental disorders”, “family problems” or “alcoholism” — these reasons are key during government decisions to grant compensation for suicides.

However, attributing hundreds of suicide cases to “unknown reason” raises doubts about the authenticity of the probe, sincerity of the police as well as the revenue administration in mitigating the distress of farmers.

Several indications point to the state’s lack of readiness to provide relief, hinting at possible under-reporting of farm distress or poor probe into the suicides. “The situation must be manifold worse in the drought-hit areas. There is a huge disconnect between the political and the administrative machinery,” says Mr.Ghadge.

“Officials have little empathy for farmers and are simply insensitive to their needs. Even if there is political will, it does not percolate down to the officials who systematically thwart the system depriving it of any solution,” adds Ghadge.

Solutions can’t be restricted to Minimum Support Prices or state buy-backs. There is an urgent need to raise awareness and educate the farmer.

“Look at most farmers who are ignorant and stick to traditional farming patterns. If one sells a good crop, the rest of them start to grow the same in the next season, and concurrently suffer losses due to an excess in supply and fall in prices,” says Ghadge, who farms at his uncle’s plot in Pune district.

Along with educating the farmer, the state must ensure that the demand constantly exceeds the supply. Also, bureaucrats should be sensitised towards the farmers’ needs, failing which the disconnect between the villages and the rest of India will persist.

TOP

Source

MOTOR INSURANCE

Car insurance: How to claim car insurance in case your car catches fire – Financial Express – 13th March 2019

The Aero Show 2019 in Bengaluru in the beginning of the year witnessed an unfortunate fire incident where several cars were damaged by the raging fire. The only solace at such a time could be the fact that the car is insured. In such an event, having comprehensive car insurance comes handy. "For the fire claims, typically insurers wait for 1-2 months for RC cancellation, while the same can be settled on the basis of RC cancellation application copy itself. Also, in case of fire due to public event (like Bangalore Aero show), we don't go for investigation. These two efficiencies reduces the time of settlement and makes it convenient for the car owners," says Animesh Das, Head of Product Strategy, and ACKO General Insurance.

The insurance companies are getting intimation and have started processing the claims. "Within four days of the incident, the claim process was completed and all throughout, we have been with the customer, guiding them through the required steps. To speed action the claims in these times, our team went along with the customer to the incident spot and through video calling the concerned team resolved the inspection, informs Ajit pal Jandoo, Technical Head Network, Digit Insurance.

Accidents are accidental in nature and there have been several incidences of cars catching fire while parked or even while plying on the roads. "Fire is covered in a Motor Private Car Insurance Policy and even damages due to fire occurring as a result of incidents such as an explosion, self-ignition, and lightening, malicious act are covered," informs Anup Rau, CEO of Edelweiss General Insurance.

But, at times, car owners install add-on and other gadgets by modifying car specification. "If there are changes in the absolute specifications or values which have caused fire, then the claim will not be admitted, says Abhijit Mudholkar, Head Motor Claims, SBI General Insurance. Preferably, get them installed from a branded or authorised showrooms. And, you may even get them insured. "You can add the cost of accessories both electrical and non-electrical to the IDV to complete coverage. So the sum insured under the policy will be a IDV + Cost of Accessories, says Rau.

So, when it comes to managing claims for a car damaged in a fire incident, here are some important things to keep note of.

Partial loss vs total loss
One needs to have insured the car through a comprehensive policy and not just a third-party cover. The amount of coverage depends on the Insured's Declared Value (IDV) and is a fixed amount for each car.

In case of a car fire, the claim amount will depend on whether it's a Partial Loss or a Total Loss. If the cost of repair of the car is less than 75 per cent of the IDV, its considered as Partial Loss, else it will be taken up as Total Loss. "This assessment will be done by IRDAI licensed surveyor," says Shreeraj Deshpande, Principal Officer and CEO (Officiating), Future Generali India Insurance.

For example, what if a car worth Rs 12 lakh gets damaged in a fire. "If repair cost, after deducting depreciation, exceeds Rs 9 lakh which is more than75 per cent of IDV, the net amount payable to the insured would be Rs. 12 lakh less compulsory deductible as per the Policy schedule, informs Mudholkar.

In case of financed car
At times, you may be running a financed car and still paying the car loan EMIs on it. In such a case, when the loan outstanding is still there and the car gets managed in a fire, you need to intimate the financier and also the RTO. Also, the payment of claim will differ depending on whether its a Partial Loss or a Total

Loss. In case of the Total Loss Mudholkar says, "The payment is made to the financier for an amount equivalent to loan outstanding and the remaining amount is paid to insured after receipt of NOC and Form 35 from the financier." However, in case of Partial Loss, "The payment is not made to financier in repair claims because insured has got the vehicle repaired to road worthy condition and so the claim amount is reimbursed, adds Mudholkar.

Car papers burnt

In case, the documents related to your car such as registration papers and insurance policy gets damaged or burnt, there is no need to worry. "Insured need to make a complaint to police mentioning the loss of said documents in the fire. This will help insured to get a duplicate Registration certificate. However, this will not stop claim processing from insurance company side. The insurance company will have policy details in its database. Also nowadays all registration details can be verified in Vahan website," says Deshpande.

Claim processing

Intimating the insurance company should be your first step. "Insurance company will appoint surveyor for inspection and loss assessment. Surveyor will identify the vehicle either as a total loss or partial loss. Insured has to provide Claim Form, RC copy and NEFT details for claims processing," says Deshpande.

Conclusion

Remember, the claim amount will depend on the IDV which in turn is based primarily on the age of the car. For a car with old registration number, the IDV will be less than the one which is recently registered. This will matter when the car owner goes to buy a new car with insurance claim money. "If the customer has a 'Return to invoice' add-on cover, then even better as they would get the Ex-showroom value or the Invoice Value of the car, which in a way means, you can almost buy the same car all anew," says Jandoo.

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Source

REINSURANCE

India: Regulator rejects proposal to acquire only privately held local reinsurer – Asia Insurance Review

The IRDAI has rejected Indian Canadian billionaire Prem Watsa's proposal to acquire ITI Reinsurance, which is currently the only privately held domestic reinsurer, say people with knowledge of the matter.

The regulator's stand is that ITI Re'slicence stipulates a five-year lock-in during which its shares can't be sold, reported The Economic Times. ITI Re was granted its licence in December 2016 but has yet to commence business.

Regulator frowns on licence trading

"IRDAI is of the view that one shouldn't be trading a licence," said a source close to the development. "If you allow this, there can be a situation when people start trading licences. If they (ITI Re) are not doing any business, they will have to surrender the licence."

Last year, the Watsa-promoted Digit Insurance filed an application with IRDAI to buy ITI Re from Fortune Financial Services. This was after it had applied for a reinsurance licence under the name of Value Attics. The application was later withdrawn after Digit decided to buy ITI Re.

ITI Re has yet to commence business because, under the regulations, insurance companies can only insure with a domestic reinsurer that has a credit rating for the past three years, reflecting financial stability. That forced ITI to return proposals it had received up to the end of March 2018 as it was too new to have a rating.

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SURVEY & REPORTS

84% Indians feel the pinch of rising uncertainties in life; report says - The Economic Times – 8th March 2019

Even as the burden of life's uncertainties and awareness around the need to buy protection covers has grown, majority of Indians continue to be underprepared to deal with them, a study carried out by private life insurer Aditya Birla Sun Life Insurance (ABSLI) has found.

A whopping 84% of over 2,000 respondents said they felt life is now extremely uncertain compared to 79% who held the view in 2017 and 75% in 2013, the previous editions of the survey. Proportion of women who shared the view was slightly higher at 85% - compared to 84% in case of men - up from 83% in 2017 and 76% in 2013.

Not surprisingly, securing family's future (36%) and children's education (36%) remain top two causes of uncertainties. Yet, less than half of those polled (44%) said they were completely prepared to face uncertainties, though their share has increased, compared to 39% in 2017 and 30% in 2013. Despite the awareness of the need to protect families' in their absence, only 41% of respondents have purchased a pure protection term cover. Moreover, the cover-to-income ratio is abysmally low at 1.67 times their annual income against the average thumb rule of buying a protection cover that is at least ten times one's income. This, despite 83% of respondents saying they were aware of the amount needed to protect their families.

While securing family's future and funding children's education rank right at top in the list of priorities, the proportion has either dipped or remained flat compared to 2017, reflecting the altered priorities mix. For instance, 53% of respondents ranked children's education as the topmost cause of uncertainty in 2017. Retirement has moved up the hierarchy, with 23% of those polled rating getting a regular income post retirement as a cause of uncertainty, compared to 14% in 2017. Similarly, the proportion of those concerned about maintaining the standard of living post retirement has risen from 10% in 2017 to 23% in 2018.

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Working women lag behind in financial protection: Survey - The Economic Times – 8th March 2019

New Delhi: Working women in India are grossly under-protected as only 70 per cent have life insurance as compared to 83 per cent of their male peers, says a survey.

According to a survey done by Max Life Insurance, the ownership of term insurance plans among women in metro cities stood at just 19 per cent, as compared 22 per cent men who own the pure protection insurance scheme.

"With 42 per cent of their earnings being diverted to basic expenses as against working males in metros that spend 38 per cent of their earnings to basic expenses, working women in metros tend to spend less on savings and investments," the report said.

It further added that the savings objectives of working women in metros are more focused on saving for kids' education and less on old age security and untimely death of a breadwinner (only 33 per cent saved for this).

According to the report nearly 68 per cent women feel that term plans are merely designed for the breadwinner.

Ensuring financial protection of women is an extremely important concern considering they make up almost half the country's population, Max Life Insurance managing director Prashant Tripathy said.

"Aside from lack of awareness, the uptake of term insurance is relatively lower in women, due to the way they often approach insurance and investment. What is required is a fundamental shift in their savings and investments patterns and a greater realisation of benefits of term plans to empower a sense of financial protection," he said.

It also highlighted that Indian women are yet to go online to buy life insurance. Only 3 per cent buy insurance online compared to 7 per cent urban men. The survey was conducted on 4,566 people across 15 metropolitan and tier one cities in India.

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INSURANCE CASES

Claim from insurance firm and employer not double compensation: HC – Outlook – 13th March 2019

The Madras High Court Wednesday made it clear that claiming compensation against the insurance company for an accident and also from the employer under the Workers Compensation Act did not amount to double compensation.

Justice MV Muralidharan made the observation while dismissing two appeals from the National Insurance Company Limited, Tiruchengode, against the award of compensation by Commissioner for Employees Compensation at Coonoor, in two accident cases.

Referring to various Supreme Court judgements, he said "awarding of compensation to claimants is only for the sake of giving solace to the claimants who lost their breadwinner due to the accident. "If their tears are not wiped off by the courts of law, there will be little meaning in awarding compensation," he added. The case relates to the death of two people, both drivers, in an accident in June 2014.

The legal heirs of the victims filed two different claim petitions before the Commissioner for Employees Compensation at Coonoor and awards of Rs 8, 15,400 for one of the victims and Rs 5,42,240 for the other was passed by the Tribunal with interest at the rate of 12 per cent per annum from the 31st day of the accident till the date of deposit under Workers Compensation.

Cases were filed before the Motor Accident Claims Tribunal, which awarded Rs 8, 50,000 and Rs 5,53,000, respectively, to the two victims. The insurance company filed appeals contending that the claimants had claimed two sets of compensation, for one and the same cause of action, one before MACT Tribunal and another before Commissioner for Employees Compensation at Coonoor, which was impermissible in law.

Justice Muralidharan, who dismissed the appeals by the insurance company, in his order said, "In my considered view, the action of the claimants would not amount to double compensation or double jeopardy to the employer." CORR SS AQS

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Chandigarh: Court raps insurance company for repudiating claim on 'flimsy grounds' – The Times of India – 12th March 2019

District consumer disputes redressal forum directed Heritage Health TPA Private Limited Kolkata and United India Insurance Company to pay Rs 30,000 for repudiating the claim of a Dhanas resident on 'flimsy grounds'.

They were also directed to pay the claim repudiated, Rs.53,031, along with 9% interest per annum from September 6, 2017, till its realisation.

The complainant, Premi Devi, stated that she and her husband, a retired employee of Allahabad Bank, became member of medical insurance scheme introduced by Allahabad Bank for its existing/ retired personnel and accordingly, paid the requisite premium of Rs 14,950 to Heritage Health TPA, where after they were issued their respective health cards.

According to her, she visited the hospital on August 22, 2017, as she was experiencing acute constipation problem. After complying with all the pre-requisites, as desired by United India insurance company, she got herself admitted on September 5, 2017. On the discharge of the complainant the next day, the hospital raised a bill of Rs 41,981. However, instead of paying its share of Rs 39,701 out of the total bill, the insurance company repudiated the claim on flimsy grounds on September 6, 2017. The hospital had later increased the bill to Rs 53,031 for the same treatment, which her son had to pay.

A notice was served to Heritage Health and the insurance company, but nobody appeared on their behalf. Therefore, they were proceeded ex-parte. The forum stated that their "Non-appearance shows that they have nothing to say in their defence against the allegations made by the complainant. Therefore, the assertions of the complainant go unrebutted and uncontroverted."

The forum, after going through the documents put on record, observed that, "In the present circumstances, it is established beyond all reasonable doubts that the complaint is genuine and the complainant has been made to run from pillar to post for no fault on her part. The harassment suffered by the complainant is also writ large."

Observing that the accused have "certainly and definitely indulged in unfair trade practice, the forum said: "We feel that it was their duty to pay the genuine claim of the complainant, promptly, but they have miserably failed to do and rather propelled this unwarranted, uncalled for litigation upon the complainant." The court further stated: "The act in not paying the genuine claim despite charging the requisite premium, proves deficiency in service on their part, which certainly has caused immense, mental and physical harassment to the complainant."

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PENSION

PFRDA wants PE industry to pitch for govt pension monies - The Hindu Business Line – 8th March 2019

Pension regulator PFRDA has urged the Private Equity and Venture Capital industry to talk to the government to consider putting some pension monies in PE/VC funds as is being done for non-government NPS monies. As on date, only non-government NPS monies are permitted to be invested in alternates (including PE/VC funds). It may be recalled that the PFRDA had, in 2016, taken the decision to include PE/VC in the repertoire of financial instruments allowed for private sector NPS subscribers.

The government has still not come around on the issue of permitting government employees' NPS monies to flow into PE/VC, although the PFRDA had made out a case for allowing this, Hemant Contractor, PFRDA Chairman, said at the IVCA Conclave 2019 in New Delhi.

"So far they (government) have not budged. They have been steadfast in their views that this kind of relaxation is not in the interest of government employees. So, this is something that has to be taken up strongly with the government by industry. We have done our bit," said Contractor.

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IRDAI CIRCULAR

First year premium of life insurers for the period ended 28th February, 2019 is available on IRDAI website.

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GLOBAL NEWS

South Korea: Regulator to act to cut short-term currency hedging by insurers – Asia Insurance Review

South Korea's financial regulator said yesterday it will take steps to reduce insurers' exposure to short-term currency hedging products, in the latest measure to tackle weaknesses in the financial system.

Insurance firms in South Korea are required to gradually increase their capital reserves to better cope with changes in global accounting rules.

To raise capital reserves, most insurance firms sell foreign currency-denominated bonds, but such bonds often offer a short-term hedge against sharp fluctuations in foreign exchange rates, reported Yonhap News Agency citing a statement from the Financial Services Commission (FSC).

The FSC said it will require insurance firms to set aside more capital if their exposure to short-term currency hedging is "excessive".

The requirement would let insurance firms lower their risk-based capital ratio, a barometer of their financial soundness, and they could cut short-term currency hedging, the FSC said.

The requirement will come into force during the fourth quarter of the year, the FSC said.

The new global accounting standard, known as the International Financial Reporting Standards 17, when implemented in 2022, will increase capitalisation pressure for some insurers because it requires insurers to report liabilities based on their market value, instead of the book value.

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Source

China: Minister says basic pensions can be paid in full - Asia Insurance Review

China is capable of ensuring full and punctual payment of basic pensions even after reducing business contribution to social insurance schemes, Mr Zhang Jinan, Minister of Human Resources and Social Security has said.

According to results of repeated calculations, income for the social security funds will still exceed expenditure despite reducing employers' share of contributions to urban workers' basic aged-care insurance, he said, according to a report by Xinhua News Agency.

Mr Zhang also said that China's nominal enterprise contributions to social insurance schemes are comparatively high and have some room for reduction. The Chinese government has been reducing employers' contributions to social insurance schemes as part of broader efforts to ease firms' financial burdens by further cutting taxes and fees on businesses.

"Lowering the share borne by employers for urban workers' basic aged-care insurance can vitalise firms to expand production and employment, thus introducing more insurance payers and creating a bigger social security fund 'pie' to form a virtuous circle and enhance the system's sustainability," Mr Zhang said.

Efforts will be stepped up to replenish social security funds through the injection of state capital, he said. The government announced a plan in 2017 to shift 10% of the equity in selected state enterprises to the social security fund.

Mr. Zhang echoed statements made last week by Minister of Finance Liu Kun on the sustainability of China's state run basic pension system. Mr. Liu had said, "Nationwide, China can ensure that the pension is paid on time and in full."

Last year, the income of the corporate pension funds totalled CNY3.6trn ($536bn), while total expenditure stood at CNY3.2trn, leaving a balance of CNY400bn, he said. The cumulative balance of pension funds stood at CNY4.6trn at the end of last year, he added.

The ministers were rebutting reports that the Chinese pension system, in its current form, is not sustainable. The basic pension system is managed at the provincial level. Nearly half of China's provinces are forecast to report an operating deficit in their basic pension funds by 2022, compared to six in 2015, according to a report by the prestigious think tank, the China Academy of Social Sciences.

To resolve the disparity between richer provinces and less developed provinces, China established a system last year allowing the central authorities to adjust corporate pension funds at the national level, Mr Liu said, adding that 22 provinces benefited from the arrangement last year.

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Indonesia: Non-life market sees premiums expand by 10% in 2018 – Asia Insurance Review

The Indonesian General Insurance Association (AAUI) has announced that total non-life insurance premiums grew by 9.8% to IDR69.9trn ($4.9bn) in 2018.

The business lines that posted negative growth in 2018 were ship hull, energy and accident Insurance. The other lines recorded positive growth last year compared to the same period in 2017.

Claims in 2018 amounted to IDR30.1trn, up by 8.1% from 2017, according to AAUI deputy chairperson and chair of the association's Statistics, Research, Analysis and Actuarial Division, Ms.Trinita Situmean.

"The increase in claims occurred in almost all insurance business lines. Five business lines recorded a decrease in claims, namely transport, ship hull, energy, engineering and liability insurance," she said.

The claim ratio in 2018 stood at 43.2%, down from 2017's 43.5%.

Drivers of growth

Ms.Trinita said that vehicle insurance and property insurance were the biggest contributors to premium growth with IDR18.67trn and IDR19.03trn respectively.

She said that motor insurance business expanded with the increased sales of motor vehicles. Based on data from the Association of Indonesian Automotive Industries and the Independent Association of Indonesian Surveyors (AISI), sales of two-wheeled vehicles grew by 8.44% to 6.38m units in 2018. Sales of cars rose by 6.74% to 1.15m units last year.

As for property insurance, Ms.Trinita said that growth was seen in both the commercial and residential sectors, in particular middle-class housing and industrial land.

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