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QUOTE OF THE WEEK

"Happiness is not something you postpone for the future; it is something you design for the present."

Jim Rohn

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Day-care procedure

Day-care procedure is a feature that forms part of almost all the health insurance policies today. It refers to surgeries or procedures that can be completed in less than 24 hours. Cataract operation, removal of foreign body in eyes or nose and laparoscopic appendicectomy are some of the surgeries that usually take less than 24 hours in a hospital and are classified as day-care procedures.

For a health insurance policy to reimburse medical expenses, 24 hours minimum hospitalisation is required. However, day-care procedures are out of this condition. The list of the exact number of day-care procedures covered in any health insurance policy can be found on the insurer's website as well as the product brochure.

Note that, treatment normally taken on out-patient basis is not included in the scope of day-care procedures.

Source

INSURANCE INDUSTRY

Insurance sector seeks government evaluation on increasing FDI cap, expects more reforms - ZEE Business – 13th June 2019

The insurance sector has become one of the most in-demand sectors with several products and services being launched daily. With the growing need for insurance covers among people, the competition is also rising. The risen has been aided by digitalisation of the insurance industry. However, the sector demands few reforms from the government to boost it further, helping it provide services to every class. Anik Jain, Co-Founder & CEO, Symbo Insurance believes that the government is working to provide insurances to poorest of poor, there have been many schemes which are playing a significant role in implementing insurance services.

''Implementation of key government schemes of health and crop insurance will play a significant role in increasing insurance penetration in the coming years. Insurance for once has become a topic of discussion among masses and the success of these schemes should help in building risk based insurance buying behavior," Jain said.

According to a report published by India Spends earlier this year, at least 988 million Indians, more than the population of Europe and 75% of all Indians are not covered by any form of life insurance. Even those who have an insurance policy, are assured of only 8% of what may be required to protect a family from financial shock following the death of an earning member, which itself highlights the scope of improvement in the industry.

''With the government providing insurance to the poorest of poor, the demand of insurance in middle class and aspiring classes should help insurance industry growth. At some stage in near future, the government should evaluate the value of increasing FDI cap for insurance intermediaries which should help in increased penetration,'' added Jain.

One of the welcome moves by the govt was a recent increase in the revival period of non-linked policies- for life insurance policies which has been raised to two to three years by IRDAI. The surrender period of the policy has been raised as per new rules. Also, the Non-Linked policyholders will get a fixed amount on surrendering the policy after 2 years. The customers who seek more flexibility and ones who could not afford to pay premiums in the last two years can get their policy revived.

While the government has been doing a good job implementing policies to boost the insurance sector but as insurance is not just a document or a formality, it is an investment in one's portfolio and there is much scope to improve it further.

(The writer is Hardik Bansal.)

TOP

Source

Fund managers, insurers now look beyond rating agencies - The Hindu Business Line – 10th June 2019

It's a case of once bitten, twice shy for a large number of insurers and fund managers who no longer choose to blindly invest in AAA-rated corporate paper, but delve beyond the numbers into the management profile of the companies they invest in.

After the default by Infrastructure Leasing and Financial Services (IL&FS) last year, insurers, who are big buyers of NBFC paper, no longer blindly trust ratings and have beefed up their internal investment analysis wings. "Earlier, AAA rating was the main criterion for investing in non-convertible debentures, but IL&FS has been a big lesson for us all that we should not depend only on rating agencies. Now, we actively look into companies that we plan to invest in and look beyond the financials into corporate governance and processes and the management team and promoters," said the investment manager of a public sector general insurer.

This was also confirmed by private sector insurers who said that they no longer just rely on rating agencies. "Strong credit evaluation and pricing of credit risk was not properly done in India. AAA corporate was 40-50 basis points over G-Secs," said Anurag Jain, Chief Investment Officer at Canara HSBC OBC Life Insurance. "Our investment committee guided us to build a shadow rating framework, where we would evaluate our own credit evaluation models that are much more stringent than the rating agencies.

"Besides numerical parameters, it also focuses on softer issues such as quality of company, management, auditor comments, group-level exposure and leverage," he said, adding that it has also beefed up the investment team. Ashish Vohra, Executive Director and Chief Executive Officer, Reliance Nippon Life Insurance, said the insurer has tightened its investment analysis and assessment processes. "We are trying to be less dependent on rating agencies," he said. The default by IL&FS took most market participants by surprise as it had enjoyed good ratings – largely of the highest grade – from most rating agencies. Since then, the infrastructure conglomerate has been downgraded to junk status, with debt of more than ₹91,000 crore. The role of rating agencies has also come under the scanner of SEBI.

"No one has seen an event on the scale of IL&FS unfurling in India before, though there have been sporadic one-off events. Most fund managers, including those of pension and retirement funds, mutual funds, and even banks are now being extra cautious of the companies that they invest in and don't just look at the ratings," said an expert who looks after investments of private PF trusts. Since the IL&FS crisis, issues have also flared up in other NBFCs such as DHFL and a number of housing finance companies.

(The writer is Surabhi.)

TOP

Source

Good connectivity will boost insurance penetration in India, says IBM partner – Money control – 10th June 2019

The insurance industry in India saw a growth spike after privatisation, but the penetration of products still remains low. IT major IBM's 'Insuring India' studies delved deeper into this situation.

Meera Srinivasan, Executive Director & Partner, BFSI, IBM India / South Asia in interaction with Money control, talked about how Indian insurance companies can make products more customer-centric. Excerpts:

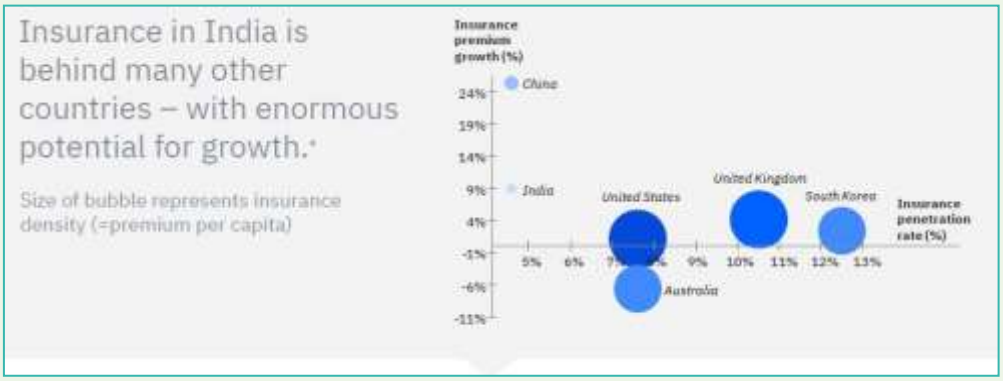
Q: What are the factors for low insurance penetration?
A: India has an insurance penetration that is not in sync with its growing status among top global economies. This is primarily due to lack of customer-centric insurance solutions; lack of awareness on the importance of insurance versus other options, and lack of reach to the needy customer segments. Apart from these, the right price for the solution and trust plays a key role to attract repeat buyers.

Q: Technology intervention has been made across several levels in insurance. Where are insurers lagging behind?
A: Insurers need to accelerate development and differentiate trajectory to double their growth in half the time. A product-focused mindset instead of policyholder based outcomes, allowing traditional models to dictate future strategies, and inability to scale innovations beyond experimentation are some of the key areas to overcome for some insurer. The most important area is the lack of recognition of the key role partner ecosystems in the near future and hence readiness towards the same.

Q: InsurTech is being referred to as the next big wave? Considering connectivity issues in India, do you think it could face implementation concerns?
A: InsurTech does not necessarily mean the use of digital that is always online. India has several semi-urban and rural pockets that thrive on technologies adaptable to both online and offline modes.

It is important to become a digital enterprise and evolve with the environment. Offline modes are quite progressive compared to physical modes of operation and are a good precursor to a fully connected mode. It is important to design keeping in mind the ideal state and ensure a rapid adoption strategy with improved connectivity. Having said this, good connectivity across all regions will pave the way to faster insurance penetration.

Q: Insurance is considered a push product. Can technology help bridge the gap?
A: The leaders among insurers are realising the need for a customer-centric approach to designing insurance solutions which will tilt the scale towards insurance becoming a pull product when coupled with other factors such as awareness, appropriate pricing and convenience of service.



This requires an insurer to achieve sufficient adoption across the value chain of channels, customer segments, and entities that are a party to the on-boarding

journey. With the use of deep learning and analytics, customer choices can be predicted and with zero intrusion. Quantum computing can be used to deploy an enormous amount of supporting data to discover segments and match requirements and thereby create new avenues of cover.

Q: Could a mobile-only insurance company be a reality in India?
A: Absolutely. Innovators among insurance companies can focus on markets with specific needs and ensure that a relevant eco-system is provided digitally.

Even today many insurers are redefining their journeys to suit a digital ready segment. It is a reality today for certain products.

(The writer is M Saraswathy.)

TOP

Source

5 disruptive technologies that are transforming the Insurance sector - Money control – 7th June 2019

The insurance sector in India is on the cusp of undergoing a major overhaul perpetuated by disruptive technologies that are birthing innovative and efficient solutions. Customer needs are becoming increasingly nuanced and complex. Additionally, the millennials are more knowledgeable about their choices and are increasingly spending a great deal of their time and energy in the digital realm.

Forward looking insurers are adopting technology to provide personalised offerings and tailored communication that can help them optimise customer interactions.

#TechTrending
In order to sustain and grow in a rapidly digitizing world, it is imperative that the insurance industry adopts emerging technologies and leverages them optimally to redefine themselves.

Top trends that are transforming the insurance sector are:
Artificial Intelligence (AI)
Artificial Intelligence is a disruptive technology that designs and programs intelligent machines to think and work like humans.

AI is being leveraged to better evaluate risks and enhance the underwriting process to achieve greater accuracy and provide the customer with a more suitable pricing structure. Machine learning tools are also being used to identify suitable insurance offers for customers that better reflect their requirements and allow them (insurance customers) to customize their insurance policies. Additionally, AI-driven chat bots that interact with customers are slowly becoming ubiquitous.

Big Data and Advanced Analytics
Big Data basically refers to voluminous data that is extremely difficult to store due to its growing size and can be analysed computationally to reveal patterns and trends.

Insurance companies are the guardians of large amounts of data. Instead of managing this data in silos, companies can upgrade their data management systems to leverage the power of analytics.

While Big Data technology stores and retains huge volumes of structured and unstructured data, analytics can help insurers sift through reams of data to arrive at valuable and actionable insights.

Cloud Computing
Cloud has become a preferred model as it offers businesses the benefit of cost-effectiveness, high security and easy deployment.

Storing and managing data, especially for operational tasks can be cost ineffective. Insurance companies can use the Cloud to carry various tasks like premium billings, claims processing and policy management. This could help them in reducing server cost and augmenting operational efficiencies with minimal human intervention.

Block chain Technology
Block chain or the Distributed Ledger Technology (DLT) cryptographically records transactions that are protected by digital signatures. Transactions recorded on the DLT are highly secure, traceable and immutable. This makes it highly resistant to fraud and data manipulation.

The insurance industry can use block chain technology to store and validate client information, and identify fraudulent activities like false claims and approvals. Due to its immutability, transactions recorded on the block chain maintain their sanctity and can thus potentially make the overall insurance journey more transparent and secure.

Internet of Things
Sensory technology that is embedded in wearables and other daily objects can accumulate huge volumes of data that can be analysed to derive actionable insights and create personalised offerings to customers. Many insurance providers are already using data collected from wearable health and fitness devices to offer tailored health insurance products to users.

In a world that is slowly but surely migrating to the digital realm, insurance companies that can embrace latest technologies while staying tethered to the goals of trust and risk mitigation, are likely to stay ahead of the pack.

(The writer is Vijay Sinha, MD & CEO of COCO by DHFL General Insurance.)

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Source

Artificial Intelligence, Machine Learning will help disrupt insurance models: Girish Kannali, Infogain - The Economic Times – 7th June 2019

Insurance is among the most regulated sectors and the slowest to go digital. It's not easy for startups to navigate the space when the business is dominated by traditional companies.

That's all the more reason that the tech engine is right for digital startups in insurance space. Many of them in India are trying to sell covers that traditional insurers could not — like insuring bicycles or introducing sachet type products with premiums as low as Rs 20.

In an e-mail interaction Girish Kannali, vice president & general manager, insurance & healthcare business unit, Info gain, discusses innovations in the insurance sector and more. Info gain is a mid-tier tech services company with a strong presence in the insurance vertical. Edited excerpts:

What are some of the tech innovation in the insurance sector?
The insurance industry is one of the last industries to adopt technology innovations compared to its peers in the BFSI segment. Now the changes are happening at a rapid pace and some of the following technology innovations are disrupting the traditional business model.

Machine Learning coupled with Artificial Intelligence-based solutions getting embedded into the existing solutions helping insurers, first to automate the processes to make it easier, faster and more accurate. Second to make it more intelligent and enabling to predict as well assist in managing fraud.

Data from Internet of Things (IoT) & advanced sensors is enabling insurers to more effectively model risk and underwriting policies. Smart house monitoring systems will give homeowners and their insurer's data on, and control over major risks and in turn enable to minimize the claims and losses.

Telematics will impact car insurance. It will be transformed by connected devices as telematics can transmit valuable data for assessing an individual's risk profile and driving behaviour.

Health and life insurance will be transformed with wearable biometric sensors, such as Fitbit, that provide insurance firms with unprecedented data on the health of their clients which in turn help to proactively better manage the overall health, behavior and the cost.

How is the insurance sector using or planning to use Artificial Intelligence (AI) and Machine Learning (ML)?
Many insurance solution providers are planning to embed AI and ML technologies to their existing solutions to make it better, intelligent and faster. These solution providers have a vast amount historical data which enables them to build a better predictive model to manage the risks as well contain costs effectively.

They are also looking into creating a newer solution which will replace the old traditional way of managing claims. One of the more recent examples is that we developed a 'photo based estimation model using the ML/AI technology'.

How does Info gain see the insurance sector evolve in India?
Insurance reach is still very low in India – sub 5% providing a huge underserved market. The Indian insurance industry is expected to grow to $280 billion by FY2020 (ASSOCHAM-APAS study), owing to the solid economic growth, increased life expectancy, innovative products and higher personal disposable incomes in the country. Strong growth in the automotive industry over the next decade would be a key driver for the motor insurance market (Indian Insurance Industry Analysis – IBEF")

In the recent past government has approved the ordinance to increase Foreign Direct Investment (FDI) limit in the Insurance sector from 26% to 49% which would further help attract investments in the sector.

Do you think start-ups may have an edge in coming up with better and more innovative products to target potential customers? (Like Re 1 cover for accident, missed flight, etc and using AI, ML)
Absolutely. Look at what happened in the US in the last four to five years. Many new players like Lemonade, Metro mile have disrupted the traditional model and increased the user base. With the adoption of AI and ML, today they are in a position to create a better, predictive model to assess the risks and offer very competitive products to the consumer segment.

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Source

Govt considering capital infusion for insurance PSUs – The New Indian Express – 13th June 2019

In an attempt to provide sorely needed oxygen to gasping state-run general insurers, the government is considering infusing a fresh dose of capital in three PSU insurers even as a proposal for their merger hangs in the balance.

Although the three companies — National Insurance Company, Oriental Insurance Company and United India Insurance Company — have sought nearly Rs 7,000 crore, the government is likely to infuse only about Rs 4,000-4,500 crore. The announcement to this effect could be made in the first full-fledged Union

Budget of the Modi 2.0 government, to be presented in Parliament on July 5. The idea is to first infuse capital and spruce up the minimum solvency, then merge the three firms to create a stronger and larger insurance company. The merged entity will then be listed on the bourses.

Owing to the rising underwriting losses and huge amount of paid claims, the profitability of general insurers has already taken a massive hit in recent times. The delay in the proposed merger has further cast its impact on the three firms, which has been reflected in their financial performance.

In Q2FY19, the three firms posted high losses. For United India Insurance, loss before tax stood at Rs 868 crore in Q2 as against a loss of Rs 36 crore before tax in the corresponding period. For National Insurance, the loss was Rs 707 crore against a profit of Rs 90 crore a year ago, while Oriental India Insurance posted a whopping loss of Rs 240 crore in the said quarter against a profit of Rs 200 crore the previous year.

Apart from profitability, factors like solvency ratio and market share of these state-run firms also remain a concern. In terms of solvency ratio, all three have been pulled up for their poor scorecards and told by the finance ministry to boost their capital levels ahead of the merger, according to sources.

As on March 2018, United India's solvency ratio was at 1.54, Oriental at 1.67 and National Insurance at 1.26. While United India and Oriental have managed to pass by a narrow margin through the regulator's solvency ratio requirement of 1.50 — a measure of an insurer's ability to meet claims — National Insurance has failed to meet these standards. The dismal show comes into sharp contrast when measured with New India Assurance's 2.58 and private players such as Bajaj Allianz General Insurance's 2.76.

Data from the Insurance Regulatory and Development Authority of India also shows that the market share of Oriental declined to 7.60 per cent in 2017-18 from 8.43 per cent in the previous year. National, meanwhile, has seen market share fall from 11.11 per cent to 10.75 per cent, while the share of United India Insurance declined to 11.57 per cent from 12.54 per cent over the same time frame.

On the other hand, private player ICICI Lombard has cornered 10.1 per cent of the market in terms of gross direct premium underwritten up to June, making it the second-largest insurer in the non-life space pushing United India Insurance to the third spot with a market share of 9.67 per cent. While it remains to be seen if the infusion of capital can move the needle, initial estimates suggest that the combined entity formed by merging the three insurers will be the largest non-life insurance company in India valued at about Rs 1.3-1.5 lakh crore.

High claims drive loss

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TOP

Source

Insurers witness a bumper start - Deccan Chronicle – 13th June 2019

The financial year has begun on a high note for the life insurance sector which registered a 41 per cent growth in new business premium for April and May to Rs 28,396 crore.

Public sector behemoth Life Insurance Corporation of India (LIC) has registered 38 per cent in first year premium to Rs 18764 crore led by a strong growth in less profitable and risky group business.

On the other hand, private life insurance companies grew their new business premium by 46 per cent growth to Rs 9,631 crore during the period led by growth in both individual and group businesses.

The numbers came as a positive surprise as the first half of a financial year is usually a lean season for the life insurance industry with business picking up mostly in the fag end of the second half with the advent of the tax season.

Top private players continued to grow in double digits. During the two months upto May 31, Bajaj Allianz Life Insurance reported a growth of 33 per cent with a first year premium income of Rs 545 crore, HDFC Life Insurance grew by 69 per cent to Rs 2,624 crore, ICICI Prudential Life registered 31 per cent growth to Rs 1,328 crore, SBI Life Insurance grew by 75 per cent to Rs 1,842 crore, Max Life Insurance grew 22 per cent to Rs 488 crore.

On a annualised premium equivalent basis (APE) which takes into account 10 per cent of single premium business and 100 per cent regular premium, the private players grew by 30.5 per cent year to date driven by strong performance of HDFC Life, Kotak Life, Tata AIA Life and SBI Life.

According to Emkay Global Financial Services, "We continue to remain over weight on SBI Life and MAX Financial Services due to their consistent delivery in premium growth.

However, the stake sale overhang to Axis by Max Life for a perpetual Banca tie-up and the reduction of promoter stake by SBI Life Insurance to meet the minimum public shareholding guidelines could limit the upside potential of these stocks."

(The writer is falaknaaz syed.)

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Source

GENERAL INSURANCE

Next on the agenda: Mega state-run general insurer like LIC - The Economic Times – 14th June 2019

India is looking to establish a single, mega state-run general insurer under New India Assurance, possibly revising its earlier plan to have two such firms. A government official confirmed that discussions are on between the Department of Financial Services and the Department of Investment and Public Asset Management to examine all possibilities. New India Assurance is the country's biggest general insurer.

India has 25 general insurers, of which four are state-owned companies — New India, Oriental, National and United India.

The initial plan, as announced in FY19 budget, had been to merge Oriental, National and United Insurance into one entity, keeping New India Assurance, which listed in 2017, separate. The first three entities are unlisted.

"There are already so many private sector entities operating in this sector… Why two large state-run firms should undercut each other's business," said the official cited above.

The government is open to the plan outlined in the budget going ahead, followed by New India taking over the merged entity. Such a plan would create an entity in the general insurance space that's analogous to the state owned Life Insurance Corp of India (LIC), besides allowing the government to get a payoff.

"If we first merge the three and then New India acquires this firm… This option can also be looked at," said another official aware of the development. "This will depend on the financial strength of New India and the government may raise some proceeds in the process."

Meeting Solvency Ratio

New India had a market share of 16.80% in terms of gross direct premium at the end of May, according to the latest Insurance Regulatory and Development Authority of India (IRDAI) data. The combined share of the other three state-run insurers was about 25%.

The finance ministry has been pushing the state-run general insurers to restructure loss-making portfolios, improve claim management and avoid pricing battles among each other in the last few years. "Their capital requirements are also being looked at," said one of the officials cited above. The public-sector insurers' losses shrank to Rs 12,603 crore in FY18 from Rs 16,012 crore in FY17.

Thanks to special dispensation from the insurance regulator, Oriental, United and National were able to meet the mandatory solvency ratio of 1.50% at the end of March 2018, said people with knowledge of the matter. Solvency ratio is the excess of capital and value of assets over insured liabilities. It indicates the buffer an insurer has to settle claims in extreme situations.

Oriental's former chairman RK Kaul said, however, that it would be best to merge the three smaller companies first and let them stabilise. "New India Assurance is already doing fine and it has a significant international presence," he said. "This may not be the time to disrupt its operations in any way."

The latest IRDAI annual report states that the non-life insurance sector grew by an inflation-adjusted 16.7% in 2017, with penetration rising to 0.93% from 0.56% in 2001.

(The writer is Dheeraj Tiwari.)

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Source

Emerging Trends in General Insurance – India 2019 – Zee – 12th June 2019

A strong growth has been seen in India's non-life insurance segment over the last few years. The market share of private companies is also increasing, reaching 50.40% from 13.12% in 15 years. Furthermore, rising internet penetration has improved awareness and accessibility, thereby accelerating demand for insurance products.

Leading insurance companies have been going for an initial public offering (IPO), signifying a step towards improving disclosure standards and periodicity by making the companies answerable to investors and the society in general.

Certain key trends have emerged amidst the changing landscape. These trends are as follows:

Deeper Integration of Evolving Technology into Insurance Processes

Evolving domains such as Advanced Analytics, Machine Learning (ML), Artificial Intelligence (AI) and Big Data are empowering providers with diagnostic, descriptive, predictive, and prescriptive models. This is enabling them to access customers on multiple parameters, automate processes such as complex underwriting, fraudulent high-risk claims detection, and performing accurate & consistent claims settlement. Block chain, a Distributed Ledger Technology, is also gaining traction, despite its applications and uses not being crystal clear. Improving efficiency, lowering operational costs, enhancing privacy and security in the long term through these technologies will continue to be key areas of innovation in the coming years.

The industry will also be heavily investing in data science, with increasing ease in the collection of consumer data and development of technique to leverage it towards building potential clients. The regulator is also promoting the experiential sandbox approach.

Customized Product Offerings and Transformed Customer Relations

The rise of connected devices, Internet of Things (IoT), and sensor-based technologies is resulting in a massive inflow of real-time data. The insurance sector is likely to harness this effectively to provide customizable offering and determine premiums. Insurers are being able to develop a much stronger understanding of the overall insurance landscape and create products accordingly.

As IoT and AI transform customer relations, innovations such as digital agents and chat bots can handle many common customer service issues. The horizons of what can be done in terms of service delivery, customer relations, pricing, offerings, underwriting, and loss control are likely be redefined with the number of connected devices reaching 50 billion by 2020.

Gaining Momentum from Regulatory Changes and Government Initiatives

Health, Motor and Crop Insurance have emerged among top non-life insurance segments. While the three have been witnessing a steady growth, they have also gained momentum from regulatory changes and government initiatives in the last year.

Health Insurance has seen a rise in the customer base, as government initiatives such as Ayushman Bharat provide cover of upto Rs 5 lacs to more than 100 million vulnerable Indian families. Increasing penetration of health insurance to almost 50% of our population, will lay the foundation for health insurance at the bottom of the pyramid. Similarly, opportunities have also emerged in the domain of Crop insurance, as the government provided cover to over 50 million farmers in 2017 - 18 from 55.3 million in 2016-17 under the Pradhan Mantri Fasal Bima Yojana. Providers can leverage this opportunity and help bridge the gap as 70% of the farmers are yet to be covered in the scheme.

Motor insurance also saw regulatory changes as long-term third-party insurance was made compulsory for new cars for 3 years and new two-wheelers for 5 years. This will significantly augment the insured vehicle number which is stagnating around 50% at present.

To conclude, 2018 proved to be an interesting year for the insurance industry with various developments. With technology seeping deeper into operations and processes, a shift towards 'digital first' business models has been predominant. Collaboration between traditional insurance companies and newer Insurtech firms is also being seen. In 2019, progress on these tangents will continue making way for innovative ways of doing things as well as create new revenue streams with higher profitability.

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Source

HEALTH INSURANCE

Ayushman Bharat scheme as such not beneficial: Min – The Times of India – 13th June 2019

Ayushman Bharat, the Centre's health insurance scheme, if implemented as such, would not have been beneficial for the state and hence the state had to come out with its own insurance scheme integrating the central scheme, health minister K Shailaja said on Wednesday.

With the implementation of the Karunya Arogya Suraksha Padhathi, the state is now bearing 80% of the premium while the Centre's share is only 20%, the minister said in the assembly.

Before the Centre introduced the Ayushman Bharat scheme, the state has been offering insurance to 41 lakh people under various health schemes, including the Comprehensive Health Insurance Scheme and the Rashtriya Swasthya Bima Yojana Scheme. Under the Ayushman Bharat scheme, the Centre has assured to cover only 18.5 lakh schemes, the Centre has assured to cover only 18.5 lakh people in the state. Hence, the state decided to come out with its own scheme to continue giving cover to the41 lakh people who have been getting the benefits, the minister said.

The enrolment of the people under the scheme has been progressing and so far, 33% have been enrolled. Steps have been taken to complete the enrolment process at the earliest and to give new health insurance cards to thee registered people.

The health minister said the statement made by Prime Minister Narendra Modi that Kerala has not joined the Ayushman Bharat scheme might have been made out of ignorance. The state government had signed the agreement to implement the scheme but with certain changes in the guidelines, she said.

TOP

Source

Insurance companies must honour claims at all hospitals: Delhi HC – The Times of India – 13th June 2019

In a major relief for patients, the Delhi high court has ruled that insurance companies would have to honour claims by valid medical policy holders who have received treatment at any government-registered hospital. Cashless facilities must also be extended to all such hospitals.

The court, thus, has put an end to a system where health insurance companies and third party administrators (TPAs) insisted that a hospital had to be registered with them for patients to avail insurance claims. The insurers and TPAs also dictated which hospitals could extend cashless facility.

The HC held that all patients were entitled for medical insurance, including cashless facility, as long as they held a valid medical claim policy and that the General Insurance Public Sector Association (GIPSA) - group of public sector insurance companies - could not insist that hospitals must be registered with them.

Though the current order was limited to patients seeking eye treatment, the court found fault with the very basis of GIPSA's guidelines and the external system of "network hospitals" to exclude government-registered hospitals. It may, therefore, be applied to other treatments as well.

(The writers are Abhinav Garg & Durgesh Nandan Jha.)

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Source

Plea to cover mental illness treatment in insurance plan – The Times of India – 12th June 2019

The state government has been directed to file a counter to public interest litigation (PIL) which sought to include the treatment for mental illness under the chief minister's comprehensive health insurance scheme (CMCHIS) in the state.

In his petition before the Madurai bench of the Madras high court, A Vijaya kumar, project director of an NGO Human Resource Foundation, based at Savakis in Virudhunagar district, stated that India is a signatory in the Convention on Rights of Persons with Disabilities and its optional protocol that was adopted on December 13, 2006 by the United Nations and India signed and ratified the same on October 1, 2007.

He stated that in order to align and harmonize the existing laws with the convention, Parliament enacted the mental healthcare and services for people with mental illness and to protect, promote and fulfill the rights of such people.

Vijaya kumar submitted that due to globalization and neo-economic conditions the lives of people have become complicated and has affected the mental health of the people across the world. He noted that mental illness has now become the poor man's disease and the affected people are striving hard to come out from the disease and the expenses are too high as continuous treatment and diagnosis is required. The petitioner further submitted that the Pradhan Mantri Swasthya Suraksha Yojana, a scheme of central government includes and covers mental illness. However, no hospitals have provided treatment to the patients with mental illness under CMCHIS in the state.

He stated that though he has submitted representations seeking to include the treatment for mental illness under CMCHIS, no steps were taken in this regard by the state government. Hence, the petitioner prayed to the court seeking for a direction to implement the provisions of Mental Healthcare Act, 2017, and direct the concerned authorities to issue suitable instructions to the hospitals registered for CMCHIS to provide medical treatment for mental illness.

TOP

Source

Investing in affordable health insurance plans: Here's everything you need to know – The Times of India – 12th June 2019

Health insurance is a long-standing investment tool that has been ignored by many of us. Despite having multiple affordable health insurance plans in India, less than 20% of the entire population opts for a health insurance of any kind. When it comes to investment plans, most young professionals cruise through options that offer higher returns, instead of choosing smart investments that help secure their future. Investing in a good health insurance plan is the easiest way to ensure safety and security, even in times of uncertainty. But how do we choose a good health insurance scheme? What are the key features health plans need? – These are some questions that all new investors have. Here's what you need to know about investing in affordable and reliable health insurance plans.

What does health insurance cover?

Health insurance, in general, is supposed to cover the costs we incur in case of hospitalization. However, in recent times, these schemes have evolved to cover much more than that. From taking care of outpatient care and daycare treatments to covering the ambulance and donor expenses, health insurance

schemes in India cover a lot. While choosing a health insurance scheme, it is crucial to ensure that your plan takes care of all these factors that may seem mounting in case of uncertainties. In addition to this, there are several health insurance schemes that also cover critical illnesses like heart ailments, cancer, among others.

When should one buy a health insurance plan?

One of the most frequently asked questions has to be, 'what is the right time to buy health insurance?' Well, the earlier you buy a health insurance plan, the better. The premium for health insurance schemes are significantly lower for young people and continues to rise with age. The logic behind this is fairly simple, the older you get, the higher the risk of you having age-related ailments. A 25-year-old can get a cover of Rs 3, 00,000 for a premium of Rs 5546, while the same coverage would cost almost double at Rs 9440 for a 50-year-old.

Why buy health insurance?

Most young professionals have a care-free and immensely positive attitude. But due to this, they also question the need for a health insurance plan at a younger age. However, with rising stress, increased modernization of our lifestyles, and unhealthy eating and sleeping habits, the chances of a health emergency is at an all time high. But more importantly, considering the low-cost premium options, the increased cover offers and additional benefits, there is no downside to having a health cover plan.

What if we don't use our health insurance?

Most people who invest in a health insurance scheme question the cost of the insurance in case that it is not used. However, insurance companies understand that this logic actually offer various benefits for the no-claim years, which range from offering increased claim amount for the next year, to rewarding healthy habits. In vanilla words, you are rewarded for staying hail and healthy while having a cushion in case of any uncertain emergencies.

To add to these benefits, health insurance plans also offer tax benefits under Section 80D of The Income Tax Act, 1961. All these positive points make it essential for everyone to invest in a health insurance plan that suits them best. So get started now, and invest in a health plan! So get started now, and invest in a health plan!

(The writer is Aishwarya Krishnan.)

TOP

Source

Govt looks beyond SECC 2011 to include more beneficiaries under Modicare – Mint – 10th June 2019

Beneficiaries of various welfare schemes for the poor may get to enjoy the benefits of Ayushman Bharat, and not just those identified under the last census, as the government aims to bring more people under its coverage.

The government, which had initially planned to identify beneficiaries using the Socio Economic Caste Census (SECC) 2011, now feels population changes since then have rendered the data outdated, and using it for the flagship health scheme would cut out many beneficiaries.

The Union health ministry has asked the National Health Authority (NHA) to find ways to deepen the reach and utility of Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (AB-PMJAY), also known as Modicare.

“Conducting a fresh survey all across the country would be difficult, but we are thinking of including more beneficiaries under various other schemes for poor people such as under the National Food Security Act, 2013 (NFSA 2013) and Pradhan Mantri Awas Yojana. This will increase the eligibility for beneficiaries," said Indu Bhushan, chief executive officer, AB-PMJAY.

Ayushman Bharat, billed as the world’s largest healthcare scheme, aims to provide free health insurance of ₹5 lakh per family to nearly 40% of the population—which would cover more than 100 million poor and vulnerable families. “We need to work to include those eligible families who have been left out in the survey to make the scheme more inclusive. It should be ensured that the scheme reaches every last eligible and needy person in the country," health minister Harsh Vardhan said in an official statement.

The minister, who reviewed the progress of the scheme on 6 June, said the government is looking at forming a task force for discussing probable challenges and finding solutions in a time-bound manner. “A stronger focus should be given on providing information to all eligible beneficiaries about their eligibility, the benefits and how to seek the benefits. In addition, efforts should be made to ensure quality of care in the empaneled hospitals," he said.

“We should try to empanel all quality hospitals for the scheme. Efforts should be made to converge the scheme with the existing central and state schemes," Vardhan said, adding fraud and corruption will not be tolerated in any form. Strong checks and balances should be put in place to deter and mitigate fraud and abuse, and a zero-tolerance policy adopted against any leakages.

The government plans to sign up more hospitals under Ayushman Bharat, especially in tier 2 and tier 3 cities, along with ensuring that a minimum two-third of top 200 hospitals are empanelled under Ayushman Bharat.

Out of 36 states and Union territories, 32 have signed memorandums of understanding with the NHA for implementing Ayushman Bharat and most of them have started implementing the scheme. Discussions are in progress with rest of the states—Delhi, Odisha, Telangana and Bengal—to bring them on board. The Union health ministry has written to the chief ministers of these four states to urge them to implement the scheme.

(The writer is Neetu Chandra Sharma.)

TOP

Source

How to claim tax benefit on premiums for multi-year health plans – Mint – 9th June 2019

If the renewal date for your health insurance is falling anytime soon, you may consider buying a multi-year policy by paying a single premium. These policies will benefit you as most insurers are currently offering a discount, and you will get locked into the same rate for multiple years, provided you don’t cross the age slab that warrants a change in premiums.

But what if the amount of single premium you pay for a multi-year policy exceeds the tax deduction limit available on health insurance premiums under Section 80D? According to the income-tax law, you can claim the tax deductions proportionately over the policy term. Under Section 80D, a resident individual can claim a tax deduction of up to ₹25,000 in a year for medical insurance premiums paid for self, spouse and children, and an additional ₹25,000 for premiums paid for parents. If the parents are senior citizens and you are paying medical insurance premiums, you can claim an additional deduction of up to ₹50,000—taking the total deduction to ₹75,000.

How to claim proportionately: Getting the claim proportionately in multiple years for single-premium policies can be useful. Here’s how it will work. Suppose your health insurance premium for a sum assured

for a family of four (husband, wife and two children) in one year is ₹25,000, the premium for a two-year policy will be ₹50,000 (assuming that the premium won't increase next year because of change in the age slab). If the insurer gives a discount of 7.5%, you would pay a single premium of ₹46,250 for the two-year cover. Keep in mind if your premium is set to increase in the second year due to change in the age slab, the premium will be calculated accordingly.

If you were to claim tax benefit proportionately, you would get a deduction on half the premium amount or ₹23,125 in both years. Insurers usually issue a certificate mentioning the amount you can claim each year as deduction. Another advantage is that your premium gets locked in for two years, and you don't need to pay anything extra even if the insurer revises rates. The benefit is available only if the payment is made in any manner except cash.

(The writer is Ashwani Kumar Sharma.)

TOP

Source

Chhattisgarh tops Ayushman Bharat beneficiaries - The Economic Times – 8th June 2019

Chhattisgarh's Congress government may have threatened to pull out of Ayushman Bharat or Modicare, but statistics show that the state has emerged as the top all-India performer with the most number of beneficiaries.

Five months after Chhattisgarh health minister T S Singhdeo threatened to withdraw from the central scheme, National Health Authority has not received any formal communication to this effect. Ironically, the state has emerged as the top performer. Ayushman Bharat, which is arguably the world's largest cashless health insurance scheme, was launched on September 23, 2018 by Prime Minister Narendra Modi from Ranchi. It provides Rs 5 lakh per year per family insurance cover for secondary and tertiary healthcare.

As per data provided by the National Health Authority, the nodal agency for Ayushman Bharat, or 'Modicare' as it is popularly known, Chhattisgarh has the most number of pre-authorised cases – a parameter to gauge how many people are benefitting from the scheme. So far, more than 500,000 people in Chhattisgarh have benefitted from the scheme and the state has used Rs 374 crore in eight months. This is likely to go up to Rs 500 crore over the next four months."We have received no formal letter from Chhattisgarh government informing us about withdrawal from the central scheme. We have only read such reports in the media," Indu Bhushan, CEO of Ayushman Bharat, told ET. "In fact, the state is the best performer all over India."

As per data, the most number of beneficiaries in Chhattisgarh—about 41,000—had taken treatment for coronary angiography, followed by 37,000 for double stent, and 36,000 for single stent.

In an interview with ET in January, Singhdeo had said, "We have decided to withdraw the scheme. We don't understand why we need to operate insurance packages when we have the entire system of medicine purchase, ASHA worker network, and primary healthcare centres in place. We have the manpower and are capable of providing universal healthcare." So far, the state has not devised any new scheme for healthcare. In beneficiaries count, Chhattisgarh is followed by Kerala, Gujarat, Tamil Nadu and Karnataka, in that order. In case Chhattisgarh decides to withdraw from the scheme, it will have to return the unutilized grant-in-aid provided by the Centre.

(The writer is Nidhi Sharma.)

TOP

Source

Tightening the performance screws on Ayushman Bharat - The Hindu Business Line – 8th June 2019

The Centre had launched the Pradhan Mantri Jan Arogya Yojana (PMJAY) in September last year as a step towards providing universal health coverage.

In the first six months of its roll-out, questions were raised by sections of public health experts, economists and doctors on the efficiency of the scheme.

At an event two months ago at the All India Institute of Medical Sciences, several doctors too expressed reservations on the scheme, some calling it "old wine in a new bottle", others wondered if it was a channel for public money to go into private hands and still others urged the government to improve and strengthen public health infrastructure since direct Government services were a better option than insurance.

Nobel Laureate and economist Amartya Sen too had argued that the scheme neglected primary healthcare.

Given the scrutiny the programme receives, the Government needs to share data on the performance of such schemes to put to rest doubts on its efficiency.

For instance, data sharing and analytics could help in assessing the percentage of claims approved and rejected and the reasons thereof. Given that premiums paid by the government to the insurers are much lower in PMJAY than market rate for equivalent health insurance schemes, insurers may be rejecting claims due to financial unviability. These metrices should be measured at hospital, region and State-level to compare performances.

The National Health Agency recently roped in five data analytical firms for pro-active fraud detection. Instead, the government could itself start measuring and reporting the amount of claims submitted by hospitals and families, which is the starting metric to look at frauds.

Measuring care provided

Additionally, it should start measuring the quality of care provided by empanelled hospitals. Quality could be measured in terms of structure, process and outcome, all taken together. Structural measures such as ratio of providers to patients or whether they use electronic medical records give a sense of the healthcare provider's capacity to provide high-quality care.

Process measures indicate what a provider does to maintain or improve health. These measures inform customers about medical care they may expect to receive for a particular condition or disease.

Outcome measures reflect the impact of service provided or intervention done on the health status of patients. Rate of surgical complications or hospital-acquired infections or percentage of patients who died as a result of surgery are some important metrics under the outcome measures that must be measured and reported at hospital-level.

The process map for availing care under PMJAY also mentions getting beneficiary feedback at the time of claim settlement. Looking at the beneficiary feedback along with the performance metrices will provide a 360-degree view of the scheme's operations and also opportunities to pro-actively address issues in real time.

Another challenge in the current scenario is that we have different insurers in various cities and States. This has restricted the mobility of patients in getting treatment outside of their home State. This scenario is not uncommon given the volume of patients referred every day from small towns to metropolitan cities. This problem can be avoided if the scheme establishes an advanced data analytics framework,

enabled to track movement requests by patients so that premiums could be transferred. These measures could be published regularly to help assess the performance of the scheme. The Centers for Medicare and Medicaid Services (CMS), a federal agency of the US Department of Health and Human Services, shares a variety of data on its website to facilitate better decision-making by patients in choosing a hospital or provider.

India has a long way to go, from merely sharing individual success stories on the website to sharing detailed data leading to advanced data analytics. This will help provide detailed insights to the public, thereby enabling them to make informed choices about their health.

(The writers are Shalini Goel & Swapan Sharan.)

TOP

Source

Watch out! Your family health insurance plan may be completely unsuitable; Tips for reevaluation – Financial Express – 7th June 2019

Each one of us time and again make sure to revamp the things that matter the most to us, including our closet, the interiors of our house, model of our car or even our house. In the same manner, it is important for us to re-evaluate our health insurance as well on a regular basis just to make sure that we and our family members are adequately covered. One must always remember that health insurance is an extremely important element to live a peaceful and financially-secured life. However, the fact is that a majority of people these days do not bother about re-evaluating their health insurance cover after regular intervals of time. This is an important reason why most people end up draining their finances during a medical emergency.

Since insurance is a service that you get against the premiums that you pay, as a customer you must always ensure that the policy you are buying provides you with the maximum cover you require. Before zeroing on a policy, it is important for you to analyse the different policies available in the market. Moreover, just buying an insurance policy is not enough and it is important that you re-evaluate it periodically. Here are some common yet important situations when you must re-evaluate your health insurance policy.

Increment in Salary

Getting a salary hike due to switching your job from one company to another or an increment due to promotion within the same company, both are great reasons to celebrate. At the same time, both these reasons must be enough for you to re-evaluate your health insurance plan. With a rise in your monthly income, you can always look forward to increase your sum insured if needed or buy some add-ons to make your policy way more comprehensive.

Getting Married

Getting married is one of the biggest milestones in one's life. The precious moment apart from bringing loads and loads of happiness together brings added responsibilities towards your partner. As a responsible partner, you must take care of your spouse and the foremost thing to do is add your partner in your health insurance. You should look for a good health insurance plan that provides adequate cover for your spouse and saves you money at the same time.

Birth of a Child

Welcoming a new member to your family not only brings new responsibilities for you but at the same time it even increases your financial expenses. Right from prenatal care to delivery charges, young

parents are saddled with the expenses. To live a stress-free life, it is best advised to take a health insurance with a maternity cover before your baby is born. This is to help you save money as your health insurance will take care of all your expenses. It is important to re-evaluate your existing family insurance plan and make the new member a part of your current plan.

Unpleasant Experience with the Current Policy

Just in case you have any kind of prior unpleasant experience with your current insurer, you can easily port your policy from one insurer to another. You can choose to switch your insurer in case you are not satisfied with the offered services that include claim settlement ration, customer services, the claim process or any other. As per a circular issued by the Insurance Regulatory and Development Authority of India (IRDAI) in the year 2011, policyholders are allowed to port their health insurance policies in order to enjoy maximum benefit. It is always better not to compromise and rather move to a better option that you feel is best to meet your insurance related needs. Portability in health insurance cover is allowed in both individual and floater health covers.

Stepping towards the Retirement

Retirement is a word synonymous with peaceful and carefree life. Retirement is the time when one starts fulfilling his dreams rather than chasing them. However, things may go significantly wrong in case you have not done planning for your retirement well in advance. There may be a plethora of things that you must have planned to experience post retirement but sudden medical emergencies can surely spoil your plans. In order to avoid being trapped in such a situation, one must invest in a senior citizen plan that covers self and spouse. It is quite evident that the ageing individuals call for frequent visits to the doctor consultation and require best health care. Getting covered in the right health cover will help you meet the cost of treatment of old-age ailments and most importantly, will let you enjoy your retirement with utter ease and peace.

(By Amit Chhabra, Head-Health Insurance, and Policybazaar.com)

Source

TOP

MOTOR INSURANCE

Want to avoid higher motor insurance premium? Do this immediately – Financial Express – 13th June 2019

The Insurance Regulatory and Development Authority of India (Irdai) has notified in a circular, dated 04th June 2019, the new premium rates for Motor Third Party liability insurance for the current financial year, 2019-20. The order to revise premium rates comes into effect from 16th June 2019. An exposure draft was released on May 20, 2019, seeking comments on the proposed rates. Now, the final cost of the premium is out, which is lower than the proposed rates in the draft exposure. These rates are applicable for both Comprehensive and Stand Alone Third Party policies.

Commenting on the same, Rakesh Goyal, Director, Probus Insurance, says, "Increase in third party premium rates has affected the industry in multiple ways. The insurers are happy with the move as underwriting losses in motor segments were more than 100 per cent and the increase in rates might give them some relief. But for policyholders, they need to pay more for their premiums."

Starting June 16, for two-wheelers, there will be an increase in the premiums ranging between 4 and 21 per cent. For two-wheelers with engine capacity above 350 cc, there will be no changes in the premium rate. For private cars up to 1000 cc, the premium for mandatory third-party liability insurance will

increase by 12 per cent from Rs 1,850 to Rs 2,072. For cars above 1000 cc but less than 1500 cc, the premium will rise by 2.5 per cent to Rs 3,221. However, the premium of long-term cover will remain unchanged. There will also be no change in the third-party premium rate for private cars above 1500 cc.

The exposure draft had also had a 15 per cent discount on the premiums for electric vehicles, proposed by the regulator. For electric private cars, with a one-year policy, the premium has been fixed at Rs. 1,761 for cars not exceeding 30 kilowatts, for cars between 30 and 65 kilowatts (kW), the premium is set at Rs. 2,738, and for electric cars exceeding 65 kW the premium is Rs. 6,707. In case of a long-term cover, for electric private cars not exceeding 30 kilowatts, the premium will be Rs. 4,493, for those between 30 and 65 kW Rs 8,104, and for those exceeding 65 kW, the premium will be Rs 20,659. Experts suggest long-term covers will be cost-effective in the long run.

The rates for third-party insurance have been fixed every year since 2011, by Irdai. The rates are notified at the end of March and become effective from the 1st of April. However, this year in the circular issued in March, Irdai had not revised the rates. But now, the regulator has revised the rates for the current financial year.

Hence, people paying the premium on and after June 16, 2019, will have to pay their premiums according to the increased revised rates. However, if you pay your premiums before June 16, 2019, you will not have to pay the excess revised premium. Industry experts suggest if the premium is deposited before June 16, 2019, the current premium rates will be applicable.

Goyal says, “For a policyholder, if his/her policy is getting expired this month or early next month, it is suggested to buy or renew the policy before the new premium rate kicks in from 16th June.” He further adds, “Another important aspect of premium increase is on goods and heavy vehicles. If they pass on the prices to end customers, there are chances the inflation might further shoot up going forward.

(The writer is Priyadarshini Maji.)

TOP

Source

Car Insurance: How to prepare your car for the upcoming monsoon season – Financial Express – 12th June 2019

As the monsoon season is coming, rather than doing your own prediction on whether or not the IMD will get its prediction right on rains across the country, invest in motor insurance and secure your vehicle. Natural disasters, especially cyclone storms and flash floods, are quite common in India and the damages caused by them to life and property run into several thousand crores. The most recent example being the Cyclone Fani which reported a tentative loss of Rs 12,000 crore to the property and approximately 64 people were killed. While those who have insured their vehicles were saved, others faced irreparable loss.

A motor insurance policy has two basic components, namely – Own Damage (OD) cover and Third-party Liability (TP) cover. While the TP cover is compulsory under the Motor Vehicles Act, 1988, OD cover remains optional. As per the insurer terms and conditions, damages caused due to a natural catastrophe, such as a cyclone and floods, fall under the OD cover.

Since September 1, 2018, IRDAI made it mandatory for all new vehicles to have a long-term third-party cover for three years at one go. However, the own damage cover can be renewed every year. During the monsoon season, various car insurers reject claims related to repair or replacement of the engine as in most of the cases, it is a ‘consequential loss’, meaning the vehicle owner tried to move the vehicle through a water-logged area. As per the policy wordings, most of the consequential losses are not covered under

the regular motor insurance policies. All such incidents are a result of a certain action of the policyholder and not an outcome of a catastrophic event. Though the case is entirely different in case of cyclones, wherein there is no such distinction.

For instance, say in case your car is damaged because of a tree collapsing on it due to high winds, the damage will be covered under your motor insurance policy. However, damages caused to accessories such as the music player, parking camera and the sun-roof are not covered under the motor insurance policy — though you may choose to cover the accessories as well under your insurance cover by paying an additional premium.

To avoid any disappointment while making a claim, you can invest in add-on covers along with your regular policy to make it more comprehensive and ensure that your vehicle is adequately covered. You can also consider taking a 'zero depreciation' cover which provides bumper to bumper protection to your vehicle. Another important add-on worth considering this monsoon season is 'return to invoice' cover. Under this feature, in case the vehicle is completely damaged or is damaged beyond repair, the policyholder is paid the actual cost of buying a new car of a similar make and model. Though the premium is slightly high for both these add-ons, i.e. approximately 10-20 per cent, you will be paid full price for the claims.

Here are a few tips that can help you sail smoothly through the monsoon season:

Insure Your Vehicle
As it is mandatory to insure your vehicle, make sure your paper work is in the right place. Update your insurance policy and make sure the policy is broad enough to cover any damages that you may incur due to the monsoon season.

Pre-Monsoon Service
Before you set out for the monsoon, it is best to get your car thoroughly checked up. Get professionals to check your battery, brake pads, air filters and remove carbon from the spark plugs. It is also important to check for fuses, lights or wires, and make sure there are no loose connection to the headlights or wipers.

Ensure Monsoon Car Accessories
Mud Flaps and Rubber Mats are a must as you don't want to be driving behind a car that is lashing out mud at you. It is always good to have your mud flaps for all four tires in place for the convenience of others. Also, make sure you have checked for the rubber mats, else the water getting onto your car carpet will leave it smelling damp.

(By Tarun Mathur, Chief Business Officer-General Insurance, and Policybazaar.com)

TOP

Source

Your motor insurance policy will not pay the full cost of vehicle damage repair; know what you can do about it – Financial Express – 11th June 2019

As per the Motor Insurance Act, only the third-party motor insurance cover is mandatory in India. This insurance plan provides coverage to the third party. It includes any legal liability brought against the third party vehicle's owner, including death or physical injury to a third party. While the third party cover includes damages caused to the third party property with the involvement of the insured vehicle, it doesn't provide coverage for any damage done to the insured vehicle. The policyholder or the policyholder's car does not get any protection under this cover.

Comprehensive insurance plans, in that case, come to the rescue. In addition to the benefits of third-party cover, it provides cover towards loss or damage of the insured vehicle. With this policy, you do not need

to have a third-party insurance cover separately, as it covers damages caused to your own car during an accident, along with the third party damage. Experts say comprehensive car insurance policy is the package insurance cover that you can get for your car. It also covers lawsuits, including legal fees brought against the policyholder as a result of an accident. General inclusions in a comprehensive insurance cover include damage to the policyholder's vehicle caused by falling objects such as road-signs and trees, damage caused by natural disasters, flood, theft, vandalism, fire, damage to the third-party, and damage caused by an act of civil disturbance are also covered.

What your motor insurance policy will not pay for?
In case of an accident, even with the standard motor insurance policy, while filing own damage (OD) insurance claim, the insurer pays only a part of the total cost of repair. Most times the policyholder has to shell out the remaining amount their own pocket. The policyholder faces this problem even with a standard motor insurance policy because of the mandatory deductible. It is applicable in all the motor insurance policies irrespective of the insurance company you are dealing with. This means a pre-specified amount depending on the vehicle size, class, and cubic capacity, that is decided at the time of buying the policy, needs to be paid by the insured of every claim out of his/her own pocket.

Also, a normal standard motor insurance policy covers damages to the vehicle after deducting the depreciation. Depreciation on some replacement parts such as plastic, rubber parts, tubes, and tires, etc., is deducted. Based on the age of the vehicle, depreciation is applied, to the respective part's value during a claim settlement.

What are your alternative options?
Alternatively, opting for add-ons or riders along with the base policy can help you get everything covered for your vehicle. The add-on covers the additional expenses that are not covered in a normal standard policy. Experts say policyholders should make sure to check what all are covered under their motor insurance policy when opting for it. With add-ons along with your base cover, you can protect yourself from paying for hefty engine repair costs.

– Zero Depreciation: The standard motor insurance policy generally deducts the depreciation value of a vehicle, such as parts like fiberglass, metal, wood, and the remaining amount is paid for the repairs. With a zero depreciation add-on cover, if your car gets damaged in a collision, you will receive the entire cost from the insurer. With the zero depreciation add-on, the depreciation value is not treated separately by the insurance company, and in case of an accident, the insurer will pay the total repair bill without deducting the depreciation. Generally, a motor insurance policy that comes with zero depreciation cover which costs more, as it offers complete coverage without considering depreciation so it charges a slightly higher premium than a comprehensive policy.

– Consumables Cover: The insurance company will not pay for the consumables used during the repairs with a comprehensive insurance policy. General consumables in a vehicle are not covered under the basic insurance policy, such as nuts, bolts, pipes, engine oil, grease to AC gas, coolant, and ball-bearings. If the damage in itself is larger, these consumables may cost the policyholder a lot. For instance, repairing normal frontal damage can use around Rs 1,500 worth of consumables. However, for repairing or replacing the engine, the expenses can shoot up to Rs 7,000 – Rs 8,000. With a consumables cover, the policyholder would not have to pay for consumables used in the repairs.

– Engine Protect Cover: With an engine protect cover add-on, the insurance company will settle the entire amount for engine repairs or replacement. Without an Engine Protect Cover, if you file a claim for engine damage with just a comprehensive insurance policy, your motor insurance will not cover the repair or replacement costs for the engine. For instance, to repair or replace engine parts of a standard hatchback, like piston and pins, crankshaft, block, and head assay cylinder, can cost around Rs 1 lakh or more. With a comprehensive car insurance policy, the policyholder has to pay the entire repair costs out of their pocket. Also, the basic motor insurance policy does not cover the hydrostatic lock of the engine, which arises due to water logging and the car engine stops working. However, if you want to get this covered, you can opt for an engine-protect add-on cover.

– Return to Invoice Cover: While filing a claim for the total damage of your car with a comprehensive car insurance policy, you will get only a partial amount. Under a comprehensive motor insurance policy, the policyholder gets paid as much as the IDV, which is the depreciated value of his/her car for that year. A vehicle is considered totally damaged or lost when its estimated repair costs exceed 75 per cent of its Insured Declared Value (IDV). To get the full amount for your vehicle, you need to file a claim for total damage with comprehensive motor insurance along with a return to invoice cover. With this cover, the insured will be paid as much as the on-road price of his/her vehicle in compensation. The on-road price of a car includes the ex-showroom price, registration costs, and road tax. Most insurance companies offer a return to invoice add-on cover for only cars under 3 years of age.

(The writer is Priyadarshini Maji.)

TOP

Source

CROP INSURANCE

Exclusive: Centre's Crop Insurance Scheme Fails the Drought Test, 40% Claims Unpaid - The Wire – 12th June 2019

Insurance companies have missed the deadline to recognise and pay claims worth over Rs 5,000 crore made by farmers under the Centre's Pradhan Mantri Fasal Bima Yojana (PMFBY) scheme, according to data obtained by The Wire through right to information (RTI) requests.

The pending insurance claims – which state governments have certified, but have not been approved by the companies yet – add up to a whopping Rs 5,171 crore and are for the recent *kharif* season, which ended in December 2018.

According to the PMFBY guidelines, the dues should be paid within two months from the end of harvest – which means the kharif 2018 claims should have been paid by February 2019 at the latest.

But 40% of the Rs 12,867 crore estimated claims remained unpaid as of May 10, 2019, according to data obtained from an RTI response by the Ministry of Agriculture and Farmer's Welfare.

40% of crop insurance claims unpaid

	Gross premium	Estimated claims	Claims paid	Claims unpaid
Amount (in Rs. Crore)	20,747	12,867	7,696	5,171

Source: Obtained from the Ministry of Agriculture and Farmer's Welfare under RTIdata Created

The data provided by the ministry covers both the PMFBY and the Restructured Weather Based Crop Insurance Scheme (RWBCIS), which accounts for around 5% of farmers covered under an insurance scheme. The rest are covered under the PMFBY.

The delay in insurance payouts happened in a season when the rainfall deficit was almost 10% and large parts of the country were suffering from a severe drought. During its first tenure, the Bharatiya Janata Party-led National Democratic Alliance promoted the PMFBY as one of its key measures to deal with rural distress in general and crop loss in particular.

A major reason for crop loss in India is deficient rainfall, since about 65% of the crop area is rain fed, according to the latest available data. So, the crucial test for the government's flagship crop insurance scheme would be its performance in a year with deficit rainfall.

Sowing for the kharif season happens during June and July, and is heavily dependent on the June to September monsoon which accounts for about 70% of India's rainfall.

The 2018 monsoon was below average. It recorded a rainfall deficit of 9.4% from the long period average, according to the Indian Meteorological Department (IMD). This was the fifth consecutive year with a deficit monsoon.

Seven states have declared themselves drought-hit. The total area affected by crop loss in these states is almost 15 million hectares.

Drought hit states

States that have declared drought	Number of districts effected
Maharashtra	26
Karnataka	24
Jharkhand	18
Gujarat	11
Rajasthan	9
Andhra Pradesh	9
Odisha	9

Source: Government response in Lok Sabhadata Created

According to a government response in the Lok Sabha, 252 districts – a third of the total districts in the country – received deficient rainfall between June and September of 2018. Most of these districts are in the states of Andhra Pradesh, Bihar, Gujarat, Jharkhand, Karnataka, Maharashtra, Madhya Pradesh, Rajasthan, Tamil Nadu, Telangana and certain parts of the north-east.

These states have suffered massive crop losses. In Gujarat, 401 drought hit villages have suffered more than 33% crop loss. In 269 villages, the crop loss was more than 50%. "Crops like soya bean in Maharashtra have suffered 60%-70% crop loss. In cotton, crop loss is up to 50%," said a senior official in the agriculture ministry, on the condition of anonymity.

Of the Rs 5,171 crore that remains unpaid under crop insurance for the 2018 kharif season, the maximum dues pertain to Maharashtra, which is among the worst-hit states by the drought. As against the Rs 3,893 crore of estimated claims, 36% or Rs 1,416 crore is pending, according to the RTI data.

In Karnataka, the drought has impacted 88.6% of the land area as 156 of 176 talukas have been declared drought-hit. Ninety-five talukas have been declared 'severely hit'. The state is also chronically affected by drought as 16 of its 30 districts are 'eternally drought prone', according to a study.

According to the government's response in the Lok Sabha, over two million hectares of cultivable area has been impacted by crop loss in Karnataka. But under crop insurance, only Rs 28 crore has been paid to farmers as claims, against the Rs 679 crore of estimated claims. A little over 95% of the claims remain pending.

In Madhya Pradesh, 18 of the 52 districts have been declared drought hit. But not a single rupee has been paid to farmers as the entire amount of estimated claims – Rs 656 crore – remains pending six months after the harvest ended and four months after the claims ought to have been settled.

In MP, insurance companies collected a total premium of Rs 3,892 crore – the second highest in the country, just behind Maharashtra where a total premium of Rs 4,591 crore was collected.

In all, there are six states where 100% of the claims are pending, totalling over Rs 1,000 crore. Three of them – MP, Jharkhand and Telangana – are battling varying degrees of drought. In Rajasthan, where nine districts have been declared drought hit, of the Rs 1,358 crore estimated claims, Rs 900 crore or 66% of estimated claims remain pending according to the RTI data.

The problems with settlement of claims in Rajasthan range from delays in payment of subsidy amounts to the premium being paid for the wrong crop, as *The Wire* has extensively reported. Performance of crop insurance schemes in drought-affected states

State	**Gross premium (in Rs. Crore)**	**Estimated claims (in Rs. Crore)**	**Approved claims (in Rs. Crore)**	**Claims paid (in Rs. Crore)**	**Claims pending (in Rs. Crore)**	**Claims pending as percentage of approved claims (in percentage)**	**Surplus (Gross premium – Claims paid) (in Rs. Crore)**
Maharashtra	4,591	3,894	2,727	2,477	1,417	36	2,113
Rajasthan	2,264	1,358	679	458	900	66	1,805
Madhya Pradesh	3,892	656	56	0	656	100	3,892
Karnataka	1,409	679	29	29	650	96	1,380
Odisha	1,114	565	237	31	535	95	1,083
Andhra Pradesh	1,052	1,082	859	575	507	47	477
Jharkhand	389	150	0	0	150	100	389
Telangana	438	102	2	0	102	100	438
Gujarat	3,024	2,176	2,176	2,152	24	1	872

Source: Obtained from the Ministry of Agriculture and Farmers' Welfare through RTI.

Even for the 2017-18 seasons, Rs 577 crore claims are unpaid. The 2017-18 *Rabi* season ended in June 2018 and 88% of the unpaid claims pertain to the Rabi season. Of the Rs 3,423 crore of estimated claims in Rabi 2017-18, Rs 509 crore remain pending till May 10, 2019. In Rajasthan, more than 70% of claims remain pending. Of the Rs 393 crore estimated claims, Rs 281 crore are unpaid for Rabi 2017-18, which ended a year ago.

For the 2018-19 seasons, Rs 20,747 crore was collected as premium by insurance companies under the PMFBY and RWBCIS across the country. The claims that have been settled amount to Rs 7,696 crore or 37% of the premiums collected.

"One of the big problems with the crop insurance scheme is the huge amounts of difference between the premiums collected and the claims paid. The government is having a hard time trying to explain how there is such a huge difference. Where is that money going?" said a senior government official who has been managing PMFBY implementation.

In 2018-19, for the kharif season alone, the difference between premiums collected by companies and claims paid is Rs 13,050 crore or 62% of the premiums collected. *The Wire* had reported last year that

under the PMFBY, insurance premiums have increased by 350% compared to the premiums collected under the crop insurance schemes that operated prior to its existence.

Why the delay in payments?
The primary complaint of farmers with the PMFBY has been the delay in claims settlement. Farmers have argued that they would benefit from the scheme only if claims are settled before sowing for the next season begins. For instance, if a farmer suffers crop loss in the Rabi season, she should be compensated before sowing for the next kharif season begins.

Some of the reasons for delay in claims settlement are delay in completing crop-cutting experiments, delay in submission of yield data, delay in payment of government subsidy to insurance companies and frequent extension of cut-off dates. To its credit, the Centre has admitted to the problem and attempted to address the issue. In the new PMFBY guidelines issued in September 2018, the Centre announced that insurance companies will have to pay 12% interest if claims settlement is delayed. However, as is evident, the announcement has had little impact.

(The writers are Kabir Agarwal and Dheeraj Mishra.)

TOP

Source

Gujarat government mulls setting up its own insurance entity – The Times of India – 9th June 2019

Every year the state and central governments, and Gujarat's farmers, pay some Rs 3,100 crore to private insurance companies in crop insurance premiums. However every year, thousands of farmers complain of getting little to no compensation for crop failures. While private companies are getting a windfall, the government of Gujarat faces the ire of farmers. To avoid this, the state government is looking at launching its own insurance company. The rationale is that the state government can build a big corpus in good crop years, which currently goes to private insurers in the form of massive profits.

In 2018, farmers from the state paid Rs.365 crore as their share of the crop insurance premium while the state and central governments paid Rs 1,333 crore each, for a total of Rs 3,031 crore in premiums. Against this, only Rs 2,050 crore was paid in claims, and under intense pressure. This season, the government is likely to pay slightly more in premiums.

A senior officer of the state agriculture and cooperation department, said, "There are controversies every year over claims not being paid by private insurers, despite the massive premiums they get. In the last two years, due to political compulsions, after insurance claims were not paid, the government had to intervene and it also tried to end controversy by paying from the state's resources, despite it having paid premiums."

"There are several insurance regulatory issues, but the government is planning to either launch a crop insurance fund with the GOI's Agriculture Insurance Company or launching its own agricultural insurance unit. This could save large sums in good years and as the government does not aim to make a profit, it can approve claims all farmers. Many companies are not taking insurance applications of farmers who have made claims in earlier years, due to the higher risk and lower agricultural productivity. The government can create a corpus that will grow in good years and will approve claims liberally in bad years. The government can link premiums of several other farmer welfare schemes for better productivity. There are a lot of legal issues involved, but considering the gravity of the problem, the government needs to address this issue urgently.

(The writer is Kapil Dave.)

TOP

Source

INSURANCE CASES

Insurance firm fined for rejecting claim - The Tribune – 13th June 2019

The District Consumer Disputes Redressal Forum has directed New India Assurance Company Limited to pay Rs 3.99 lakh as accident claim to the car owner. The company had rejected the claim on the basis of the licence of the driver, who possessed an LMV licence, which was not endorsed for transport vehicle.

In a complaint to the forum, Anjali Arora, a resident of Sector 15-C, Chandigarh, stated that she owned a car (bearing registration No. CH02-AA-6815), which was insured by New India Assurance Company Limited with a IDV value of Rs 4, 40,200 and premium of Rs 23,856 was paid from February 28, 2017 to February 27, 2018.

She stated that the car, which was being plied as commercial vehicle, met with an accident on January 27, 2018, in Mathura, Uttar Pradesh, and was badly damaged. The driver of the car also died in the accident.

Following the accident, a claim was submitted with the insurance company, which appointed surveyor, who assessed the damage as total loss and recommended payment on net of salvage basis with RC Rs 3, 99,500 and net of salvage basis without RC Rs 4, 09,500 as per terms and conditions of the policy.
However, the claim was rejected by the insurance firm as the driver engaged by the complainant was operating transport vehicle and his driving licence was not endorsed for transport vehicle.

In its reply, the New India Assurance Company submitted that the amount was not disbursed as driver Dalbir Singh was having a driving licence valid for the LMV non-transport only and not for driving a transport vehicle.

The forum after hearing arguments held that there was no difference in the class of vehicle except for the technicalities that it was a transport vehicle and driver's licence was valid for light motor vehicle (non-transport).

The forum pronouncing the order, cited a judgment of 2017 of Chandigarh State Commission of ML Khurana vs. United India Insurance Company Limited, in which observations were made "Transport vehicle" would include medium goods vehicles, medium passenger motor vehicle, heavy goods vehicle, heavy passenger motor, and also giving reference of the Supreme Court judgment of Mukund Dewangan Vs Oriental Insurance Company Limited, as per which if a driver possesses a licence to drive a car, no endorsement is required, if such vehicle is being used for transport/taxi purpose.

The company was also directed to pay Rs 20,000 to the complainant as compensation and Rs 10,000 as cost of litigation.

TOP

Source

HC refuses to bail out top brass of insurance company in cheating case – The Times of India – 11th June 2019

Madras high court has refused to restrain Chennai police from taking action against top brass of vehicle insurer Cholamandalam MS General Insurance Company on charges of cheating. Justice N Anand Venkatesh dismissed a plea moved by the company for a direction 'not to harass' its employees in connection with the cheating case registered by Central Crime Brach (CCB). The FIR was registered based on a complaint by a luxury Jaguar car owner against the insurer for failing to release compensation for the damage suffered by his car in the last year's Kerala floods.

When the plea came up for hearing, the judge made it clear that once FIR had been filed the court could not grant such relief and that the petitioner could only approach the court concerned for anticipatory bail.

The issue pertains to an insurance claim application made by Sun park Global Impex, which owns a Jaguar car. According to the claim the vehicle suffered damage during the recent Kerala flood. The claim was made for Rs 43 lakh. However, based on doubts with regard to the occurrence of the loss in flood and the fact that the ownership of the car was transferred to another person, the company rejected the claim.

Aggrieved, the car owner filed a complaint with the CCB for offences under section 420 of IPC against the insurer.

Now, claiming that the dispute is a simple damage claim under a contract of insurance which is civil in nature, the petitioner has moved the court contending that failure on part of insurer to settle the claim cannot be the subject matter of such a criminal complaint.

"We are not satisfied with the truth of the claim. We have reasons to believe that the vehicle which was already damaged in Chennai floods on December 2, 2015 may be used for a fresh claim as if damaged in Kerala floods on August 16, 2018. The wreck appears to be used as a wreck without repairs," the company said.

TOP

Source

SURVEY & REPORTS

Millennials prefer buying Rs 5 Lac+ health cover: Policy bazaar study - The Economic Times – 12th June 2019

Millennials between the age-group of 22-35 years have a better assessment of their protection needs, when it comes to buying health covers which shields them adequately, according to a survey conducted by PolicyBazaar.com.

The survey took into account the buying behaviour of 10,000+ millennials across 15 states in India. It reveals that 6 out of 10 are millennials, opting for health plans with higher sum insured in upwards of Rs 5 lakh up to 1 crore has been increased.

The survey suggested that the proportion of health covers bought by millennials with sum Rs 5 lakh to Rs 10 lakh has experienced a growth of 20% in the last 5 years and the number of policy holders with the sum insured of Rs 10 lakhs or beyond has doubled, surging from 8.4% to 17.8% in the last 5 years. The data clearly depicts there is an increase of 41% in the purchasing of bigger health coverage by the millennials and a dip in the total proportion of policies bought with a lower sum insured.

The latest trend of shifting preference towards buying policies with higher sum insured is in sharp contrast to the millennial buying trends five years back, when Rs 3 lakhs and 2 lakhs were the most sought after health cover marks. The survey indicates a dip in the total proportion of policies bought with a lower sum insured. While the drop in the share of policies bought with SI of less than Rs 3 Lakh is 38%, for those with SI between Rs 3 to <5 Lakh is 22%. The changing trend clearly establishes how millennials today are wary of the risks that the existing lifestyle poses on their health and hence better understand the importance of protection against diseases.

"With medical inflation rising at double-digit pace, millennials are now looking for health insurance plans with higher sum insured and add-ons like global coverage, OPD covers, and maternity cover to make the

policy way more comprehensive," Amit Chhabra, Health Insurance, Business Unit Head of Policybazaar.com said.

In terms of age-related findings, the proportion of health covers with SI of 10 lakhs & beyond bought by millennials in the age bracket of 22-25 years has gone up from 4.7% to 16.8% in the past 5 years. Similarly, the share of policies bought with SI in the range of Rs 5 lakh to <10 lakh also witnessed a growth of 13%, 28% and 17% across the 3-age groups respectively.

While focusing on city-wise trend, another major finding of the study revealed that millennials of Delhi-NCR are the highest contributors to health insurance policies with higher sum insured. Nearly, 29% of all health policies with higher SI have been bought by millennials in the last 5 years across the age group of 22-35 years. Bengaluru ranks second with a 9% market share in terms of health policies bought over the last 5 years. Among Tier-2 cities, Ahmedabad and Jaipur are the leading cities where millennials have purchased maximum health plans from the year 2014 to 2019.

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Source

When it comes to buying insurance, customers still prefer agents - The Hindu Business Line – 7th June 2019

Even as insurance companies are betting big on digital channels of distribution, a new survey has revealed that the majority of customers still prefer brokers and agents even though some may choose to research online.

PwC India's Insurance Technology Adoption Survey 2019 found that 55 per cent of the respondents mentioned that they continue to prefer buying insurance from agents and brokers. In fact, the conversion rate from online modes stands at a mere four per cent.

"Insurance in India continues to be largely a push product and is considered as a complex product for which customers still rely on face-to-face interactions for better understanding of the product's features and pricing," said the PwC-CII report 'Competing in a new age of insurance: How India is adopting emerging technologies'. The survey is a part of the report.

For info, it is digital

Despite the continued preference for agents and brokers, the findings revealed that 47 per cent of the respondents found digital modes as the most preferred and reliable channels for information. "Also, online aggregators (20 per cent) are becoming an integral part of the value chain and their preference score is almost on par with that of company websites as a valuable source of information," said the survey.

In fact, the survey said that emerging technologies (such as chatbots) have already started picking up as the customer's first point of contact.

The main challenges

The survey also found that customers face several challenges at various stages of the policy.

At the purchase stage, 57 per cent of the respondents said there was a lack of understanding about the features of the policy, while at the servicing and claims stage, 47 per cent of the challenges related to relationship-related issues such as interactions and processes.

At the closure stage, customers have to deal with multiple representatives and have to explain the reasons for their action each time.

TOP

Source

PENSION

NPS on Paytm Money: Here is what you need to know before you invest – Financial Express – 13th June 2019

If you are one of those who use Paytm for paying bills and shopping amongst other financial transactions, there's one more reason to keep using the app. Paytm Money, an online platform for mutual fund investments owned by Paytm has received the approval from the Pension Fund Regulatory and Development Authority (PFRDA) to offer National Pension System (NPS). Paytm Money will now act as a Point of Presence (PoP) for the NPS along with other POPs such as SBI, ICICI Bank, HDFC Bank etc to act as customer interface. Offline POPs may perform their customer-related activities through their network of branches called POP Service Providers (POP-SP). To invest in NPS through Paytm Money, one needs to register and start contributing to both Tier 1 and Tier 2 accounts in any of the eight pension fund managers.

Two major attractions of NPS are – One, its low cost and secondly the additional deduction of up to Rs. 50,000 under Section 80 CCD(1B) over and above the ceiling of Rs. 1.5 lakh under Section 80C that it offers.

However, before investing in NPS, one needs to consider 5 important points:

1. Compulsory pension in NPS
NPS is a long term retirement product with provision for a compulsory pension during the retirement years. One is not allowed to withdraw the entire corpus on the maturity of NPS. At age 60, one is allowed to withdraw only 60 per cent of the corpus, while on the balance 40 per cent, a compulsory pension is to be received. There are various pension options of which one is to keep receiving a pension for lifetime from a life insurance company.

2. Choice of fund options in NPS
The four fund options available in NPS are – Asset Class E, Asset Class C, Asset Class G, and Asset Class A. Of all the fund options, Asset Class E investments are predominantly in equity market instruments with up to a maximum of 75 per cent in equities.

3. Choice of managing funds
One may choose between Active Choice and Auto Choice. As the name suggests, under the Auto Choice also known as Life Cycle Fund (LC Fund), the allocation automatically changes based on age. As a subscriber one has to choose any of the three LC Fund options – LC 25, LC 50 and LC 75. If one wishes to allocate funds based on personal preferences, contribution may be allocated in one or more of the E,C,G,A funds subject to their maximum caps. The maximum in the equities can be 75 per cent up to age 50 beyond which the allocation tapers off.

4. Tax benefits in NPS
NPS offers tax benefits under three different sections of the Income Tax Act – Section 80CCD (1), Section 80CCD (1b) and Section 80CCD (2). However, do not open NPS account with the sole objective of saving tax rather understand its working and then invest only for your retirement needs. Further, the amount allowed to be withdrawn on maturity is tax exempt but the annuity or the pension received during retired years will be subject to tax as it gets added to your annual income.

5. Minimum contribution in NPS
In order to keep the NPS account active, one has to keep contributing a minimum amount of Rs.1000 (earlier it was Rs 6,000) in each financial year till age 60. Do not aim to contribute either a minimum

amount or an amount required to save tax. Instead, find out if NPS suits you and then contribute a sizeable amount to accumulate a decent corpus of retirement.

There are other investment options such as equity mutual funds that can be used to accumulate funds for retirement as well. Estimate your post-retirement inflation adjusted requirement and then divide the monthly savings into NPS and MFs to reach to your target amount rather than using any of these retirement vehicles.

(The writer is Sunil Dhawan.)

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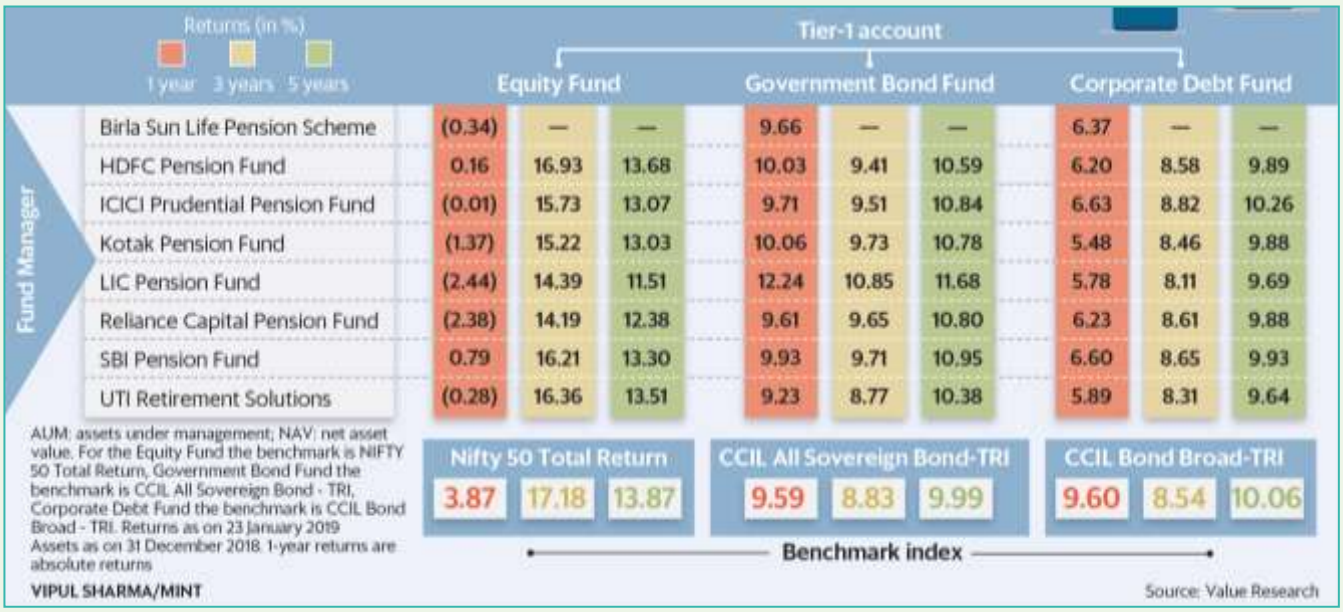
Source

How your investments in NPS are faring – Mint – 9th June 2019

There are very few retirement products that help you accumulate a retirement nest egg and one such product is the National Pension System (NPS). NPS is a market linked, defined-contribution product that needs you to invest regularly in the funds of your choice. Being a market-linked product, returns are based on the performance of the fund that you choose. There are eight pension fund managers to choose from and one of the ways to choose your fund manager is by tracking the returns.



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IRDAI CIRCULARS

List of corporate agents registered with the authority as on 13th June 2019 is available on IRDAI website.

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Gross direct premium underwritten for and upto the month of May, 2019 is available on IRDAI website.

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First year premium of life insurers for the period ended 31st May, 2019 is available on IRDAI website.

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Health products approved during the financial year 2018-19 is available on IRDAI website.

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GLOBAL NEWS

Indonesia: General insurance sector lacks actuarial expertise – Asia Insurance Review

The number of actuaries for the insurance industry as a whole in Indonesia is deemed sufficient, according to Mr Fauzi Arfan, chair of the Indonesian Actuary Association (PAI). He said that there are around 650 actuarial personnel in the country.

Of these, PAI noted that 296 members had earned the title of actuary or Fellows of the Society of Actuaries of Indonesia (FSAI) and 290 members were acting actuaries or associates of the Society. The remaining persons are Certified Non-Life Analysts.

He said that currently PAI members are dominant in the life insurance sector. On the other hand, it is a challenge to find actuaries for the general insurance industry, reported *Bisnis*.

"The issue now is not that the total number of actuaries is lacking but, instead, whether existing actuaries want to work in general insurance," said Mr Fauzi. According to him, the hurdle is that the general insurance sector has many lines of business with different degrees of complexity.

Mr Fauzi said that PAI continues to encourage actuarial personnel to enter the general insurance industry, including those pursuing actuarial studies.

TOP

Source

China: Regulator could relax insurers' equities investment limit – Asia Insurance Review

China's banking and insurance regulator is considering raising the upper limit of the proportion of capital that insurance firms can hold in equities, the regulator has said.

According to a report by Xinhua News Agency, the CBIRC is "actively studying the issue", in a plan to optimise the allocation of insurance funds, the CBIRC said.

The regulator will roll out the relevant policies under the principle of prudential regulation, and give insurance companies more investment autonomy so they can better play to their strengths in long-term and value investments, the CBIRC said. The statement was made in an interview with *Financial News*, a publication run by the central bank. .

TOP

Source

New Zealand: Insurance body says quake risk solutions have to be proportionate & sustainable – Asia Insurance Review

The only way to ensure the long-term affordability of insurance for earthquake risk is to reduce risk, Mr Tim Grafton, chief executive of the Insurance Council of New Zealand, as he proposed potential solutions to address quake risk that he said should be proportionate to the scale of the problem.

In a speech yesterday at the Wellington Mayoral Forum, called to discuss rising premiums in the earthquake-prone capital, he said,"That requires changing building standards to increase resilience and reduce risk of total insured loss.

"We need to invest in retrofitting properties for resilience, not just life risk. We need low-cost remediation techniques. We need low cost seismic devices installed that tell us what happened to the building, what needs fixing and how soon it can be re-occupied. We need to think where to consent and if proposals don't meet high performance standard, don't consent them.

He suggested that a short-term solution is to share more of the risk. He said, "The Unit Titles Act requires body corporates to fully insure themselves. Give them the flexibility to increase their excess."

He lauded the government for reviewing the funding of its fire and emergency services and for noting that there are flaws in insurance-based funding. The services are currently funded by the Fire Service Levy on insurance premiums which is uncapped for commercial property. Some commercial property owners pay more in that levy than they do in insurance premiums, he said.

He also said that the government could make earthquake insurance under the Earthquake Commission (EQC) Act fairer for apartment dwellers. Currently, the 5% excess they face under commercial property insurance means they have less cover than stand-alone houses.

"Those living in buildings that have less than 50% residential use can only apply their EQC cover to their unit, not to damage elsewhere in their building. Give them more flexibility," he added. He pointed out that some options avoid reducing risk. Having another state insurer or raising the EQC cap still means having to buy reinsurance support.

He said, "Governments should not replace private capital unless there is market failure. There is choice and offshore capital, but it comes at a price and for Government too."

He added, "Increasing the EQC cap has been proposed. That shifts the costs to every New Zealand homeowner. Instead of getting a relative reduction in earthquake premium from their private insurer, everyone else would pay more to support Wellington."

He also questioned, "Is it really the policy objective that every New Zealander is fully insured no matter how high the risk at an affordable premium? That happens nowhere else in the world, and it only ever happened because we never really understood the risk."

He said that seismic risks are a collective responsibility for all — government, council, regulators, banks, developers, building owners, their advisers, insurance brokers and insurers.

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Source

Malaysia: Insurance market growth forecast to accelerate this year – Asia Insurance Review

Insurance premiums in Malaysia, which posted a solid growth of 4.6% last year, will see growth accelerate this year to more than 6%, reported Bernama News Agency citing a forecast by Allianz Research.

The growth in 2018 was slightly better than the 4.2% achieved in 2017.

The research report said, "In Malaysia, life insurance - accounting for more than 70% of the premium pool (without health)—set the tone last year with a growth rate of 6.0%.

"It grew much faster than property-casualty, which after the premium decline in 2017 at least returned to positive growth (0.7%)."

"Malaysia's insurance market is one of the most developed in the region with premiums per capita standing at EUR402 ($455) in 2018, well above China or Thailand, and penetration at 4.3%; it is, for example, 3.7% in China," the report said.

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Source

Indonesia: Farm insurance scheme grows with more land covered - Asia Insurance Review

The number of farmers and breeders participating in agricultural insurance schemes is increasing, as can be seen from the expanse of farming and livestock areas covered by insurance.

"Over the years more and more participants have participated in agricultural insurance," the director general of Agricultural Infrastructure and Facilities (PSP), Sarwo Edhy, said in a statement. He referred to participation in the Rice Farming Insurance Scheme (AUTP) launched by the government in 2015 and the Cattle/Buffalo Business Insurance Scheme (AUTS/K) in 2016. The programmes are offered with Asuransi Jasa Indonesia (Jasindo).

Under the AUTP, there were only around 233,500ha covered in 2015. This increased to 806,200ha in 2018. "This year, we target 1m ha to be covered by the AUTP," Mr Sarwo said. Under the AUTS/K scheme, the number of registered livestock insured was 20,000 in 2016, increasing to 88,673 last year.

Mr Sarwo said, "Farmers and breeders increasingly understand the benefits and opportunities of this insurance. For the price of only for one packet of cigarettes, farmers and farmers can sleep easily." AUTP offers cover of IDR6m ($421)/ha until the harvest period (four months) with a premium of IDR180,000/ha. The government subsidises premium payments of IDR144,000 and farmers pay only IDR36,000.

AUTS/K covers livestock with a premium of IDR200,000 per head per year. Of this, IDR160,000 is subsidised by the government and the remaining IDR40,000 is paid by breeders. Under the scheme, the compensation payable is IDR10m per head for death of the cattle/buffalo and IDR7m, if the animal is lost. To make it easier for farmers and breeders to subscribe for the insurance cover, the government has launched an online system called Agricultural Insurance Information System.

TOP

Source

China: Solvency ratio in insurance sector grows for 1st time in 3 years – Asia Insurance Review

China's insurance sector is running smoothly with risks generally under control, according to the country's banking and insurance regulator.

The comprehensive solvency ratio of the 178 insurers reviewed at a regulatory meeting stood at 245.3% at 31 March 2019, up by 3.3 percentage points compared with 31 December 2018, reported Xinhua News Agency quoting a statement from the CBIRC. The core solvency ratio reached 233.4% at 31 March 2019, up by 2.8 percentage points compared with 31 December 2018.

The increase in the solvency ratio was the first in three years. The required minimum solvency ratio is 100%.

Property and casualty insurers had a comprehensive solvency adequacy ratio of 271.8%, while life insurers and reinsurers had 238.3% and 335.7%, respectively at 31 December. Compared to the previous quarter, the P&C insurers' ratio decreased by 2.2 percentage points, while life insurers's solvency ratio improved by 3.3 percentage points, and the reinsurers' ratio by 52.7 percentage points.

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Source