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INSUNEWS

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QUOTE OF THE WEEK

"The size of your success is measured by the strength of your desire; the size of your dream; and how you handle disappointment along the way."

Robert Kiyosaki

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Treaty reinsurance

Definition: when an insurance company enters into a reinsurance contract with another insurance company, then the same is called treaty reinsurance.

Description: in the case of treaty reinsurance, the company that sells the insurance policies to another insurance company is called ceding company. Reinsurance frees up the capital of the ceding company and helps augment the solvency margin. It also enables the ceding company to increase the underwriting abilities by reducing the underwriting costs. Under treaty reinsurance, the reinsurer assumes the insurance liability. However, in the event of a default by the reinsurer, the onus if settling the claims falls on the ceding company.

Source

INSURANCE INDUSTRY

How to avoid insurance frauds? – Live Mint – 8th October 2020

IRDAI, the insurance regulator has cautioned insurance buyers to be wary of fake insurance sellers in its recent notice. The insurance regulator has noticed that some unscrupulous entities are selling health insurance policies by offering discounts on policies and diagnostic tests. "It has come to the notice of the Authority that some unauthorized entities are professing to be selling health plans by offering discounts on medical treatments or diagnostic tests," said the IRDAI in a notice issued to the public. Here's a guide to save yourself from getting tricked by such a fake insurance seller.

Buy only from registered insurance companies
You must buy insurance only from IRDAI registered insurance companies. The list of insurance companies recognized by IRDAI may be seen on its website. In case of doubt, the customers may contact the insurance company to ascertain the genuineness of the insurance plan and of the selling person. "Individuals who avail such services from unauthorized persons or entities shall be doing so at their own risk," says IRDAI.

Never sign blank forms or cheques
Signing blank insurance application forms is a common practice but this practice allows a fake insurance seller or a legit insurance agent to buy a different insurance product using the form. You should fill in the application form yourself to avoid being cheated.

Premium payment receipt
You should try to make online payment directly to the insurance company via its website, or through an account payee cheque. But in case you are paying through cash, you must pay it to the insurance company branch office directly. In case you are paying to an insurance agent, you must verify the agent's details by calling the insurance company and verifying is ID card details.

There is no free lunch

Always suspect offers which look too good to be true. Check twice with the insurance company before falling for any such offer.

Some extra time spent before buying an insurance product is worth the effort as it can prevent any fraud happening.

(The writer is Avneet Kaur.)

Source

TOP

Insurance companies offer home-based care facility during pandemic - The Economic Times – 5th October 2020

To maintain the social distancing norms, now insurance companies are offering home-based care facility during a pandemic. They are also adding tele-consultation facility to guide the customers. All the insurance companies have adopted digital and already offering the online service for buying policies and filing claims, but there are a few companies who have decided to let their customers stay at home than the hospital if the doctors allow them.

"After we have spent a few months with the pandemic, the doctors have now been able to get a handle on prescription of treatment, which has minimized the impact of claims. Home-based care has been introduced by some insurance companies to minimize the overall cost of servicing the customers. Alternate mechanisms like tele consultation has been introduced as part of the policies in some insurance companies," said, Gopal Balachandran, CFO and Chief Financial and Risk Officer, ICICI Lombard General Insurance.

The idea behind these offerings is to help customers to maintain the social distancing but also reduce the load on the hospital infrastructure. Currently many hospitals are running without beds.

"We have a special team force which consults with the patients and we advise them to avail the stay at home facility if the condition of the patient is not serious. We have doctors onboard who consult with the patients," said a distribution officer of a general insurance company who didn't want to be quoted.

During the pandemic insurance companies have launched dedicated insurance policies, such as Corona Kavach specifically for Covid. There is also a surge in demand to buy such policies, but the question is how will insurance companies settle the claims for those who are going for home-based care.

"We have a team of Doctors team for the tele-consultation facility. This is not only for covid and non-covid-related queries to maintain the social distancing. To those who can take a home care system, we reimburse the claims according to the expenses. Medical bills, his hospital papers can be simply reviewed while the claim settlement," said, the distribution officer, quoted above.

During the current environment, social distancing has been the only proven mechanism to stay away from the virus. Insurance companies home-based care facility takes the social distancing story forward, but what will determine the success of such schemes is how quick the insurance companies are when the customer needs support in reimbursing the bills.

(The writers are Amol Dethe & Ritika Mishra.)

Source

TOP

The benefits of renewing your insurance plans – Live Mint – 2nd October 2020

Last month I was reviewing a life insurance claim. The policyholder had died after paying premiums for several years. Unfortunately, as things turned out, the last premium was unpaid and the claim was denied. I was disappointed because the lost benefit ran into lakhs.

Often, insurers and intermediaries are seen pursuing policyholders at the time of renewal. However, for most insurance policies, the worst impact of lapsation is on the policyholder, not the insurer. There is a loss of cover but also a loss of many key benefits linked to renewal.

Lapsation has the most obvious negative impact on health insurance as discontinuity results in both waiting period and pre-existing disease exclusion period being reset. This is a setback because most claim rejections are during the waiting period and the sooner one gets past these two to four years the better. Last year the regulator added another reason for timely renewal—that insurers cannot reject a claim after it has been renewed for eight years. That in itself is sufficient reason to renew.

Life insurance products should also be renewed. The life insurance equivalent of the eight-year "look-back" in health insurance is three years. After this, claims cannot be rejected. In traditional life insurance, there is another major disincentive which is that surrender or lapse penalties are high and the relatively modest returns are further lowered.

An issue common to health and life insurance is that if there is a lapse then the insurer can decide not to issue the policy anymore. They will do this if your health has deteriorated since you first bought the insurance or if you have made a claim. But if you renew on time, the insurer can't refuse.

Motor insurance, a large market segment, has no-claim bonuses (NCB) that reduce your premium after every claim-free year, provided there is no break in insurance. Buyers should be possessive about this NCB. The amounts can go to 65% of own-damage premium and is, typically, several thousand rupees in most mid-sized cars. You lose your NCB if there is a break in renewal: an expensive proposition.

Professionals, such as doctors, who buy liability insurance lose the retroactive date benefit if there is a break. This is the date after which claims get covered. It is when the insurance was first bought, provided you renew the insurance without a break.

The only two individual policies that do not have benefits accumulating over time are home and personal accident. In fact, in home insurance, you should increase the sum assured every few years as reconstruction costs increase. Simply renewing your policy without making a sum assured adjustment is not a good idea. In personal accident insurance, continuity does not impact any accumulated benefits. This does not mean that you should freely stop and restart these insurance policies. You are not covered for the primary risk when premiums have not been paid.

Insurance policies lapse for many avoidable reasons. You could have bought the wrong product. Ideally, this research should be completed before the initial purchase. In fact, even after buying, you have a free-look period when you can go through the documentation and return the insurance if you want. Another frequent issue is that insurers cannot contact you. To prevent this, make sure you give insurers a permanent email, home address and phone number. Finally, you could lose track of renewals if the insurer or intermediary does not send a reminder. This is also commonplace and we are all guilty of such memory lapses despite having access to elaborate reminders. For several insurance policies, it is now possible to instruct your bank or credit card for automatic renewal. Select those options. A suggestion for insurers is to allow a change in renewal dates so that all our insurance policies renew at the same time. A friend has 10 different insurance policies renewing across the year and wanted to reset them all to one day, something we couldn't do within the current framework.

So, the next time an insurer or intermediary chases you to renew, don't procrastinate but make the payment.

(The writer is Kapil Mehta.)

TOP

Source

How video KYC can simplify online buying of insurance policies – Moneycontrol – 1st October 2020

Soon, you will be able to buy a fresh life or general insurance policy completely online, without having to step out of your house or meet an intermediary physically to hand over signed identity documents.

The Insurance Regulatory and Development Authority of India (IRDAI) has permitted insurance companies to issue policies on the basis of a video KYC (know-your-customer) process. *Money control* had first reported the regulator's plan of allowing insurers to adopt video-based KYC for policy issuance. It has already allowed insurers to use digital modes for validating policyholders' signatures on documents.

Earlier, the Reserve Bank of India (RBI) and Securities and Exchange Board of India (SEBI), too, had allowed entities such as banks and mutual funds to use video-based tools to complete the mandatory KYC process. The Pension Fund Regulatory and Development Authority (PFRDA) has also permitted distributors to use video KYC for onboarding National Pension System (NPS) subscribers.

Let's understand IRDAI's latest move and what it means for policyholders.

What is video KYC?
A video KYC is done to make sure the person buying an insurance policy is a real and alive. It allows an insurance official to see you through a live video over the internet. Insurance companies – life and non-life – can now use a video-based identification process (VBIP) to obtain customers' KYC documents, which is mandatory before issuing a policy. They will have to complete the process through their official technology platforms that facilitate recording videos of policyholders for the purpose. "Insurers may undertake live VBIP by developing an application that facilitates the KYC process either online or face-to-face in-person through video," IRDAI said in its circular.

How will the process be carried out?
Either the insurers' staff or authorised representatives can record a 'clear, live' video of policyholders at their homes and obtain identification information. "Discussions around implementation are still on. Approaches could vary as per the company. The first option is to enable advisors to visit the prospective policyholder's house, connect her to the insurer's employee through the official app and record the video KYC process as per IRDAI's guidelines. The second option is to send a weblink to the policyholder who will use it to log in online At the other end, the insurer's employee will record the identification process," says Anil kumar Singh, Chief Actuarial Officer and Appointed Actuary, Aditya Birla Sun Life Insurance.

As a customer, you can choose to share your Aadhaar information or any other officially valid document such as passport and driving licence. If you have signed up for the Digilocker facility, you can submit a digitally signed copy. Or, you can simply share it in the form of a clear photograph or a scanned copy of the original document, through the e-Sign mechanism. Your live location will also be captured, along with the date and time-stamp. "Geotagging is a must. The KYC process is valid only if the prospective customer is in India," says Vaidyanathan Ramani, Head, Product and Innovations, Policybazaar.com.

At your end, you should also ensure that your face is clearly visible in the video and not covered it in any way.

How will it help policyholders?
In these COVID-19 times, you will not have to risk visiting an insurance company's branch or agent's office to complete the policy purchase process, including KYC verification. Insurers are yet to roll out the process. Once they do, it is likely that you will have to access the insurer's platform via a link or app shared by the company. You will have to answer questions via a video instead of doing so physically, besides sharing KYC documents online to complete the process. "The questions could be dynamic. Since one of the purposes is to establish that the person is alive, questions could be devised in such a way that responses cannot be standard," says Vaidya Nathan.

While the onus of executing a secure transaction is on the insurer, on your part, ensure that you are dealing with authorised representatives of the company and the video is being recorded through company-authorised channels.

Will policyholders have to incur any cost to complete the process?
There is no additional cost for the video KYC verification process. "For insurers, however, virtual KYC will bring down the overall costs that the process otherwise entails," says Vaidyanathan.

(The writer is Preeti Kulkarni.)

Source

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INSURANCE REGULATION

IRDAI cautions people against unauthorised entities selling health plans - Hindustan Times - 6th October 2020

Insurance regulator IRDAI on Tuesday cautioned people against unauthorised entities professing to be selling health plans by offering discounts on medical treatments.

Insurance Regulatory and Development Authority of India (IRDAI) said it has came to notice that some unauthorised entities are professing to be selling health plans by offering discounts on medical treatments or diagnostic tests.

In a public notice, the regulator said that only the IRDAI-registered insurance companies, or their authorised agents and intermediaries can sell insurance products. "Individuals who avail such services from unauthorised persons or entities shall be doing so at their own risk," it said.

The list of insurance companies recognised by IRDAI are available on its website. It further said in case of doubt, the customers should contact the insurance company to ascertain the genuineness of the insurance plan and of the seller. Earlier, the regulator had also cautioned people against spurious calls from unidentified and unscrupulous individuals posing to be the officials or representatives of IRDAI with fictitious and fraudulent offers which are beyond the scope of insurance policies.

The public should directly deal with insurance companies or registered intermediaries/insurance agents while purchasing a policy or having any financial dealing with the insurance companies for verification, it had said.

TOP

Source

Irdai releases exposure draft on color coding of individual products of health insurance - Financial Express – 6th October 2020

Insurance Regulatory and Development Authority of India (Irdai) on Monday came out with the exposure draft on color coding of individual products of health insurance business. This move will enable policyholder to understand the level of complexity while buying the health insurance products.

The insurance regulator stated that to make product choice easier to the customer it is considered important to introduce the system of color coding in respect of all the individual products under the category of health insurance business. The color codes that can be allotted are green, orange and red.

According to the exposure draft, color code green shall signify that the product offered is a simple product, easy to understand and comprehend. Orange color shall signify that the product offered is moderately complex. While the color code red shall signify that the product offered is complex when compared with both green color coded and orange color coded products.

With more and more number of people buying health insurance policies due to the ongoing pandemic, this move by the regulator will help them understand the health products in a better way, says market participants. In the current financial year till August, general insurers have underwritten premium of Rs 22,903 crore as compared to Rs 20,274.11 crore in previous financial year, a growth of 13%. Health insurance has a market share of 31% in the overall premiums for non-life insurance companies.

Every individual health insurance product offered by general and health insurance companies shall carry a diagrammatic representation of the color coding to indicate the level of complexity of the product. The diagrammatic representation of the product shall be decided based on the score arrived for a given product on a scale of 0 to 6.

There will be seven parameters to be considered for attaining the score such as number of optional covered offered, percentage of copay, number of months of waiting period and deductibles, among others. All the seven parameters shall be given an equal weightage of 14.28%.

For example, a score of 0.15 is given for every, one month of waiting period subject to a maximum score of 6. In case of multiple waiting periods, the highest of the months shall be taken. If the maximum waiting period in a health product is 18 months, then the score shall be 2.7. In the last few months insurance regulator has announced standard products for health insurance to deepen insurance penetration in India. The last date to submit the comments to Irdai is 15th October 2020.

TOP

Source

IRDAI working group suggests broad framework for insuring drones - The Economic Times – 4th October 2020

A working group set up by regulator IRDAI has recommended a broad policy framework and procedure for providing insurance cover to the drone industry and also suggested various risks associated with the use of Remotely Piloted Aircraft Systems (RPAS). The working group, set up by the Insurance Regulatory and Development Authority of India (IRDAI) in June to recommend suitable insurance products for drones, suggested various procedures to be followed and the documentation required in the event of a claim.

Among other things, the group in its report has come out with Specimen Policy Wording (Drone Insurance) which includes various definitions and covers various aspects, including legal liabilities to third party, drone hull cover, personal accident cover to operator, accidental medical cover to operator, general exclusions and general coverage.

The panel noted that the drone ecosystem is in nascent stages in India and finding more usage/applications in various sectors at a slower pace.

World over drone is classified as an 'aircraft' and aviation regulators have stepped in to regulate the sector, though regulations for drone operations differ from country to country.

In India, insurers have started using drones in crop cutting experiments and survey of industrial units for the purpose of granting property insurance programs.

As per the report, 'drone insurance coverage' can be broken into three sets -- physical damage/loss to drone due to various contingencies, third party liability arising due to usage of drone, and any additional coverage.

It has suggested cover for physical loss of or damage to the drone, inclusive of theft, occurring during the period of insurance and arising from the activities covered, whilst in flight, on the ground or in transit up to the insured value, less any applicable deductible.

In case of third party liability arising due to usage of drone, it has suggested "cover against legal liability (including defence costs) to pay damages, for third party civil claims arising out of bodily injury or death or property damage, by an accident or a handling error on part of the authorised operator", in accordance with the terms of the policy.

On premium, the working group said pricing is strictly a domain of actuaries and regulations clearly entrust Appointed Actuaries of insurers with the responsibility to ensure that the product pricing is fair to all the stakeholders and the product will be financially viable.

"Hence the work group has no intention to suggest a particular price for the product recommended in this report and leaves the determination of price on each insurer's Appointed Actuary, in the context of data available with them, the assumptions taken, the underwriting and pricing philosophy of the company and the expense and profit loadings unique to that insurer," the report said.

The panel has also proposed that on payment of additional premium, the policy could be extended to cover night flying. Any authorised pilot operating a drone during the hours of darkness, must hold a valid permit or authorisation from the relevant governing aviation authority.

Source

TOP

IRDA keen on standardisation of health insurance - The Hans - 4th October 2020

The Insurance Regulatory and Development Authority (IRDA) has been monitoring the current pandemic crisis and the resultant issuance of guidelines for the health insurance companies so that the end user or policyholder's interests are not diluted.

While the pandemic was a surprise for all health insurance companies, the regulator IRDA has proactively came out to clarify that all the polices where the hospitalization is covered would include the pandemic related treatment. This has put a lid on the confusion that prevailed initially around the responsibility of the health companies.

While the regulator encouraged the companies to come up with pandemic-related standalone products (coronakavach) for ensuring the serviceability of the need, IRDA has made certain changes to the way the health insurance policies are issued and administered easing the policyholders to compare and use.

From this October, of the many changes, one major benefit for those policy holders who have paid for eight consecutive years, the insurance company can't reject any claim. Thus, making a long list of procedures and/or diseases being covered while the exclusion list of major diseases is reduced to under 20 from over 30 till now.

Considering the contactless and social-distancing nature of the post-pandemic world, insurance coverage for telemedicine has also been included by the regulator in health plans. This allows the insurers for the claims pertaining to telemedicine consultation instead of the normal consultation.

The insurers also have to adhere to a standardized wording prescribed by the IRDA for an informed choice of the existing and the prospective policyholders. The standards terms and clauses mentioned cover various critical items such as material facts (the information to be disclosed by the insured at the time of application of policy) which determine the claim settlement, management of policy i.e., porting, renewal, etc. This helps in the informed decision making for the policyholders.

For instance, if one has a Rs10 lakh Sum Insured cover with one percent cap on the room rent i.e. effectively eligible for Rs10,000 per day. However, if one were to opt for a room costing, say, Rs15K per day, which is 50 per cent higher than the eligible cap then the insurer would typically deduct 50 per cent from the total claim including the room charges and others.

The new regulations would mandate the insurers to clearly define the associate medical expenses in the policy and disallows the cost of pharmacy, consumables, implants, medical devices and diagnostics to be considered in this category.

Moreover, insurers need to further ensure that the proportionate deductions are not applied to those hospitals that don't follow differential billing or for those expenses where differential billing based on the room category aren't followed. Additionally, insurers are not permitted to apply proportionate deduction for ICU charges.

The regulator's view is that there are no different types or categories of ICU. These clauses have to be incorporated in the new products filed by the insurers on or after October 1, 2020, and for the existing products, which are due for renewal from April 1, 2021.

Though, this would push the insurance premiums upwards up to 20 per cent from the current median, it would enhance the experience of the policyholders with the benefits. This also makes for the younger age individuals/families to opt for health insurance and take advantage of the discounts by good health keeping - most plans provide deductions in the renewal premium upon non-claim and for maintaining healthy habits.

(The writer is K Naresh Kumar.)

Source

TOP

LIFE INSURANCE

PMJJBY: A protection plan for the poor - - Financial Express – 9th October 2020

Can we consider Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) as a common man's Protection Plan? I consider it to be so because the regular protection products offered by the commercial insurers have a minimum sum assured of Rs 10 lakh. Protection plans are most sought after these days and poor people cannot be exceptions. Commercial insurers have brought some useful micro insurance products but these are not sold too enthusiastically by all, due to a variety of reasons.

In the individual micro life insurance space, mostly LIC markets the products. In the group micro life insurance space, private insurers insure lives but claim settlement data of 2018-19 shows (IRDAI Annual Report) average size of the claim to be less than Rs 30,000. That proves, group micro schemes have not insured for any significant sum as compared to PMJJBY. As PMJJBY has become a popular protection plan among the masses, it can give a lot of financial security to the poorer people of the country. In fact, it can be bought by any person in the age group of 18 to 50 and in possession of a bank account.

Popular scheme

Under PMJJBY, a One Year Renewable Term Assurance (OYRTA) policy is granted for a sum assured of Rs 2 lakh at an annual premium of Rs 330. This is essentially a group term assurance product. In any group insurance policy, premium is usually very low because a very large number of lives are available and there is very little chance of large-scale adverse selections. On the other hand, a 30-year old person can buy a term assurance product on individual basis from a commercial insurer for a term of 25 years with a risk cover of Rs 1 crore at around Rs 12,000-15,000 per annum. Now, if the same person buys PMJJBY, he pays Rs 330 for a cover of Rs 2 lakh. This is equivalent to paying a premium of Rs 16,500 for a cover of Rs 1 crore. So, we are not doing any act of charity to a customer of PMJJBY.

The problem lies elsewhere. The insurers do not earn much by selling such "social security insurance". Out of Rs 330, the insurer gets Rs 289, the agent Rs 30 and the bank Rs 11. These are considered too small numbers. However, the fact is, the total number of persons enrolled under this group insurance scheme is 7.46 crore as on September 11, 2020. We have to remember, this scheme has been able to insure 7.46 crore lives in just five years of time. All life insurers taken together do not have more than 35 crore policyholders with in-force policies at any point of time in respect of individual insurance business.

Risk cover

Size of the insurable population of the country is close to 100 crore. It can safely be said that at least 50 crore Indians can easily be brought under the fold of PMJJBY. If that happens, the insurers will be able to pocket at least Rs 15,000 crore every year as new business/renewal premium towards PMJJBY alone.

The risk cover under PMJJBY may not be sufficient for better-off people of the urban areas. But, it is really something for the poor people. The money can help the family of a deceased policyholder to be back on its feet very quickly. The maximum age at entry should be increased by at least 10 and the risk cover should continue up to an age of 75 years.

The poor people hardly have any retirement age as they continue doing work beyond 60 or even 65 years of age. So their family members suffer a financial loss even when they die at such ages. Critical illness and disablement benefits should also be built with such schemes. The premium may increase to some extent to accommodate such benefits in the product. But, this will only make PMJJBY a more popular and comprehensive protection plan.

(The writer is Nirjhar Majumdar.)

TOP

Source

New business premiums for life insurers witness 26% growth in September - Financial Express – 9th October 2020

New business premiums for the life insurance industry witnessed a growth of 26% in September at Rs 25,366.3 crore, compared with Rs 20,056.7 crore in the same month last year. However, the growth of new premiums for the six months of the current financial year continued to remain negative.

Data from the Life Insurance Council show that up to September this fiscal, life insurance companies saw new business premiums of Rs 1,24,728 crore, compared with Rs 1,25,758 crore in previous financial year, a fall of 0.82%.

Market participants said while the category of individual non-single premium continued to see a negative growth in this fiscal, the individual single premium category is witnessing huge interest from investors.

"The demand for term plans has gone up in the last few months due to the ongoing pandemic, as people have now become aware of the need to have term insurance. Life insurance industry is witnessing a sharp uptake in single premium policies, as many policyholders don't want to commit investments for the longer duration," said the CEO of an insurance company.

Data from the Life Insurance Council show that new business premiums for individual single premium for this financial year stood at Rs 20,494.02 crore, compared with Rs 17,667.73 crore in the previous financial year, a growth of 16%. During the period between April and September, private players saw new business premium of Rs 36,709.63 crore, compared with Rs 35,777.88 crore in the previous financial year, a growth of 2.60%.

LIC saw a fall in its new business premium at Rs 88,018.01 crore in this fiscal, against Rs 89,980.22 crore in the previous financial year. Private players like Tata AIA Life Insurance, SBI Life Insurance, Max Life Insurance, HDFC Life Insurance, among others, witnessed a positive growth in new business premiums this fiscal till September.

Prashant Tripathy, managing director and chief executive officer, Max Life Insurance, said: "Max Life has continued to deliver positive business performance in the month of Sept'20 with a 16% Y-o-Y growth. We gained 122 basis points private market share and now hold 11.1% market share, led by a 14% growth in case size for the month…"

TOP

Source

How to select your life insurance policy during coronavirus – Forbes - 8th October 2020

As the world is battling with the deadly COVID-19, major concerns around combatting the fallouts of the impact of the virus have been ubiquitous. India, a country of 1.38 billion people, has been facing one such concern—ambiguous financial future.

With life insurance penetration at 2.74% as of 2018 and expectations for the life insurance industry to grow 12% to 15% annually over the next three to five years, now may be a good time to consider life insurance policies that may help ease your anxiety about protecting yourself and your loved ones financially.

We spoke to insurance companies offering life insurance to know how to select your life insurance policy during the coronavirus pandemic. Here's what they said.

Choose A Life Insurance Plan That Offers Protection First

Although the crisis has created uncertainty, it has also offered insurance companies time to think more deeply about innovation, improved customer experiences, fundamentally different cost structures, and an upskilled and reskilling workforce, says a McKinsey report.

Given how insurance companies are tailor-making their policies to address life insurance concerns holistically, this could be an ideal time to select a policy that protects you as well as your savings. Let's look at your options:

Term Life Insurance Plans

Term life insurance plans offer protection to an individual for a set period of time or term decided upon for which a premium is paid. In the event of death or total and permanent disability, depending on the policy, the life assured's dependants are paid a benefit. If the policyholder survives the term of the term insurance plan, no benefit is normally payable.

Tarannum Hasib, chief distribution officer of Canara HSBC Oriental Bank of Commerce Life Insurance, finds term plans basic hygiene for every earning member of the family as they serve as income replacements to the family in the member's absence. She advises a term life insurance cover that is sufficient to to help the family sustain their lifestyle expenses.

Loan Protection Plans

Loan protection policies take care of your mortgage payments in the event of your death or, in some cases, a terminal illness or disability and are aimed at protecting your family. In India, loan protection plans act like term insurance policies and are available to cover loans such as home loans, education loans and car loans.

Consumers can choose between two options:

Level Cover

Level covers are available to protect the policyholder's family for mortgage repayments.
This cover works like a term plan in which a guaranteed sum assured is paid on the policyholder's death during the term of the policy. If the policy expires and the life assured is still alive, no payment is made.

Reducing Cover

Reducing covers help pay off a policyholder's mortgage liabilities such that the payout given to the nominee or the family at the time of a tragedy is in accordance with a decreased sum over the length of the policy.

This cover works like a term plan in which the sum assured that is paid at the end of the term of the policy gradually reduces over the span of the policy. Opposite to level covers in which a lump sum payment set at the beginning of the policy is paid out to the nominee, sum assured for reducing covers decrease with time.

If the policy expires during the life tenure of the policyholder, the sum assured decreases to zero and no payouts are made.

Secure Your Financial Future
Amid the coronavirus, securing your financial future can ensure your anxiety levels remain low. Some life insurance policy decisions that may help include:

Life Cover With High Sum Assured
The sum assured is the fixed value that an insurer pays the nominee upon the death of the policyholder. For your family to be financially secure, experts suggest taking a life cover with a high sum assured.

Nishant Jain, co-founder and chief product officer of Toffee Insurance, suggests using a higher multiplier to your annual income given the uncertain times to decide upon the sum assured when selecting a life insurance cover.

“If you don't have life insurance already, then choose a sum assured of at least 10x of your annual income. Or get an additional life insurance policy to cover the difference,” Jain advises.

Those who already have a life insurance cover can increase their sum assured by two ways.
One is by opting for another life insurance policy and surrendering the one that they already have as most life insurance companies in India do not offer extension of sum assured in existing policies.

The other is by opting for a rider.

Riders or Add Ons
Riders, also called add ons, refer to the extra benefits policyholders can buy on top of their insurance plans.

Sanjay Tiwari, the director of strategy at Exide Life Insurance, says most policies offer the option of adding riders such as critical illness, hospi-cash, and term rider, waiver of premium riders on death or critical illness. Opting for these can substantially aid the life insured in case of an eventuality or critical illness.

One example of a coronavirus specific rider is the COVID-19 insurance plan by Max Life Insurance in which the company provides coverage to the insured post a waiting period, usually 15 days. If the policyholder is diagnosed positive for the coronavirus, they are covered for their expenses, provided the diagnosis is received 15 days from issuance. An individual can also buy this cover as a standalone policy or under a COVID-19 insurance rider associated with a life insurance plan.

Investment Plans
Investment plans allow consumers to create tax-free financial corpus for their families while insuring their lives.

Tiwari advises taking a savings plan or an annuity plan to secure one’s financial future depending on their existing life insurance cover.

Savings Plan
A savings plan is a kind of a life insurance plan in which consumers can get life protection and invest a portion of their premium periodically. Among the popular savings plans include: Unit Linked Insurance Plans (ULIPs) and Endowment Plans.

ULIPs
A ULIP allows you to get insurance and invest in market-linked equity and debt funds and asset classes to generate returns.

If the policyholder passes away during the term of the ULIP, a death benefit amount is paid to the nominee irrespective of the value of the returns their ULIP investment has made.

Depending on the policy, the nominee gets either the sum assured or the maturity value of the ULIP or both. The maturity value is the return generated by ULIP investments that the insurance company makes on your behalf in the markets.

In case the policyholder survives the term of the ULIP, they get the maturity value of the ULIP.

ICICI Prudential Life Insurance, promoted by one of India's top banks, ICICI Bank Limited, and Prudential Corporation Holdings Limited, states ULIPs allow flexibility and control of your money through the following ways:

1. Fund Switch – An option to move your money between equity, balanced and debt funds.
2. Premium Redirection – An option to invest your future premium in a different fund of your choice.
3. Partial Withdrawal – An option that allows you to withdraw a part of your money.
4. Top-up – An option to invest additional money to your existing savings.

Endowment Plans

An endowment plan allows you to get a life cover and a fixed return upon maturity.

Endowment policyholders get their sum assured on maturity. In case of an untimely death, nominees receive the sum assured.

These policies make a savings plan to meet financial needs such as funding children's education, proceeds to build a house and for retirement.

Annuity Plan

An annuity plan is a pension plan that allows consumers to receive a sustained income, usually post retirement, upon a lump sum payment made at the time of buying the policy.

This sustained income can be got as a lump sum payment when an immediate annuity plan is chosen. In case of a deferred annuity plan, the policyholder receives a periodic payment either monthly, quarterly or annually of their returns on the plans.

Ensure Your Life Insurance Policy Checks Certain Boxes

While taking a life insurance policy to protect and secure your financial future are crucial steps, a policyholder must ensure they maintain certain housekeeping rules for the policy to come handy when struck with a sudden need.

Evaluate policy carefully before signing up: You should evaluate the risk cover requirement and your financial goals before choosing the right plan.

Keep your policy active by paying your premiums: Paying all premiums on time is crucial to ensure your policy does not lapse or get discontinued. To ensure your life insurance claim is honored in case of an eventuality, you need to keep your policy active.

Inform your family about your policy: Family members should be informed about the insurance policies and the claim process when you decide to take a policy. Any ignorance can bring mental agony and may leave family members bereft of benefits you had carefully planned for them.

Be truthful about your health to the insurer: Any information pertaining to existing health conditions including current and prevailing COVID-19 status of self should not be concealed or hidden. Such misrepresentation of facts and health conditions can hinder the claims process.

Comprehend terms and conditions of your policy clearly: While a life insurance covers death including one out due to COVID-19, all the exclusions, terms and conditions should be read through carefully. In case of buying a critical illness cover, read through the conditions and availability of cover for COVID-19 as part of critical illness.

Bottom Line

The coronavirus pandemic is a wake-up call for all those who either have not considered taking a life insurance plan or postponed opting for a suitable plan in anticipation of their good health ensuring they live long.

The uncertainty surrounding coronavirus infection and survival rates if affected is reason enough for Indians to consider securing their family's financial future in case of any unexpected tragedy.

(The writer is Aashika Jain.)

TOP

Source

First year premium of life insurers down 0.82% in H1 of current fiscal - The Hindu Business Line – 8th October 2020

The first year premium of life insurers in the first half of the current financial year ended September 30 declined marginally by 0.82 percent at ₹1,24,727 crore compared to ₹1,25,758 crore in the same period last year. As per the data released by the Insurance Regulatory and Development Authority of India (IRDAI), the first year premium collected by Life Insurance Corporation was down 2.18 percent at ₹88,018 crore (₹89,980 crore). The first year premium of all private life insurers, however, grew by 2.60 percent at ₹36,709 crore as against ₹35,778 crore in the year ago period. The market share of LIC and the private life insurers was at 70.57 percent and 29.43 percent respectively.

TOP

Source

Which rider benefits should you avail with term life insurance plan? - Deccan Chronicle – 8th October 2020

A term insurance plan is primarily meant to protect a family from financial risks arising out of a sudden or untimely death of a loved one, especially the breadwinner.

Simply put, in case of an unfortunate event, the payout from the insurance policy would act as a source of income to cover the family's recurring as well as non-recurring expenses and help them maintain their existing lifestyle.

However, there are many other uncertainties in life such as a disability due to an accident or a critical illness that may put one's family in a similar financial distress where a regular term insurance plan may not be of much help.

The Indian Council of Medical Research (ICMR) has forecasted approximately 17.3 lakh new cases of cancer in India in 2020[AIIMS.edu cancer statistics]. Out of those, around half are expected to survive with proper treatment.

The cases of heart diseases are also rising in the country and its prevalence, along with stroke, has increased by over 50 per cent between 1990 and 2016[Lancet Global health Journals - The changing patterns of cardiovascular diseases and their risk factors in the states of India].

In such situations, simply having a term insurance plan may not be enough. To protect your loved ones from financial hurdles arising out of such risks, one can opt for additional riders along with the term insurance plan.

Let's explore as to why a rider with your term insurance plan is the need of the hour!

Why Term Insurance Riders Matter?

Rajesh Mantri, a SME entrepreneur, had taken a life cover of Rs. 1 Cr and approximately a year later, he was diagnosed with cancer. Not only he had to suspend his business activities for several months due to his treatment, he had to bear the significantly high costs of surgery and post-surgery care. Moreover, he had to travel frequently from Kolkata to Mumbai for his treatment, which incurred additional costs.

Since Rajesh is the only working member in the family, his wife and son had to face severe financial problems during this period even to run the household. Had Rajesh opted for a critical illness rider benefit at a nominal extra cost along with his term life insurance, the expenses of his treatment would have been taken care of and his family could have focused all their energy and attention on taking care of him rather than worry about cost of treatment and other expenses.

Which Riders Should You Avail?

While different insurers provide different rider options with their insurance plans, the baseline features are common among most of them. Here is a list of riders that can be availed based on your needs:

Accidental Death Benefit Rider: As the name suggests, this provides an additional sum (over and above the base policy) assured to the nominee if the life assured loses his or her life due to an accident.

For example, if the policyholder opted for a basic sum assured of Rs 1 Cr. and opted for an accidental death benefit rider of Rs 25 lakh, the total claim amount will be Rs 1.25 Cr. if the death occurs due to an accident.

Accidental Permanent Total / Partial Disability Benefit Rider: Accidents may not always lead to death but may leave the life assured totally or partially disabled thereby, limiting their capability and capacity to earn their livelihood. This rider, when added to the base policy, can provide immediate financial aid that can help cover the medical expenses as well.

Critical Illness Benefit Rider: This rider offers protection against major critical illnesses and pays out a lump sum amount if the life assured is diagnosed with any of the listed critical illnesses in the policy.

The listed critical illnesses usually include heart and artery diseases, major organ transplant, stroke and cancer, among others. By opting for this rider, one can get the healthcare they need without worrying about expenses, while also ensuring that their loved ones continue to have their life goals met.

Waiver of Premium Benefit Rider: With this additional rider, all future premium payments payable under the life insurance policy are waived if the policyholder can no longer make them due to contingent events like critical illness or permanent total disability due to an accident subject to conditions specified under the rider.

In such a scenario, the policyholder or his/her family do not need to pay any more premiums to continue the policy. The insurance company pays all future premiums on their behalf until the end of the policy term.

One must opt for this rider if his/her dependents are not earning members of the family because in case of an unfortunate event, they may not be able to pay future premiums if the policyholder is no more.

This can result in policy lapse leading to more financial hurdles. The very purpose of buying a term insurance policy would be defeated in such a case. Not all products provide for this rider hence it is always better to check details and make a choice accordingly.

Family Income Benefit Rider: Under this rider, the policyholder's family receives one per cent of the rider sum assured every month if the insured individual passes away, meets with accidental permanent total disability, or is first diagnosed with any of the listed critical illnesses. This implies a regular monthly income for the family so that they can continue to have a worry-free life and keep their life goals on track. This monthly income is assured for a fixed period, usually for 10 years.

Adding riders to the base term insurance policy protects you and your family from the financial stress against a range of uncertain events. A wide range of scenarios gets covered under each rider and each of them serves a particular purpose. Some insurers like Bajaj Allianz Life Insurance offer all these rider options, which the policyholder can choose to, add to his / her base term insurance policy.

Choosing your insurer is as important as choosing the riders that you want to add to your term insurance plan. One critical factor that comes to mind when evaluating different insurers is the "Claim Settlement Ratio (CSR)". This ratio indicates the percentage of claims the insurer has honoured against the total claims registered / received. With a bouquet of innovative term insurance plans in India to suit the varied needs of policyholders, Bajaj Allianz Life Insurance has a Claim Settlement Ratio of 98.02 per cent [Individual claim settlement ratio FY 19-20] for FY19-20 and have had a claim settlement ratio of over 90 per cent in the last five financial years. ,!

Not only that, you can also get a 1 Day Claim approval with Bajaj Allianz Life [87% of non-investigative individual claims approved in one working day for FY 2019-20. 1 day is counted from date of intimation of claim before 3 PM on a working day (excluding Non-NAV days for ULIP) at Bajaj Allianz Life offices]. Thus, the financial stability and security of your loved ones is assured in case life takes an untoward turn.

We all know life is uncertain. While we may never be able to remove this uncertainty, we can protect our loved ones from the risks arising out of the same. So, don't wait, opt for riders along with a term insurance today and give your family the protection it needs!

TOP

Source

'New biz premiums for life insurance remain under pressure due to Covid' - Financial Express – 6th October 2020

New business premiums for the life insurance industry remain under pressure in the current financial year due to the novel coronavirus. However, ICICI Direct estimates the premium growth at 8-10% for FY21E as revival continues to remain strong across players.

In its report on Banking and Financial Services, ICICI Direct said that as Q3 and Q4 remain business accretive for the life insurance sector, and they estimate premium growth at 8-10% for FY21E, post factoring in the 5-10% decline due to lockdown. "Given the low interest rate environment, competitiveness of life insurance industry has improved thereby supporting growth in guaranteed products," said the report.

The Covid-19 led lockdown marred the premium growth for the life insurance sector as annualised premium equivalent (APE) also witnessed a decline in the initial months. However, gradual unlocking of the economy in phases has led to a healthy revival in premium growth. Subsequently, premium accretion in August 2020 was at Rs 27,040 crore, up 14.8% year-on-year, compared to de-growth in April and May 2020.

"In terms of premium break-up as on August 2020, individual premiums witnessed regressive growth with individual single premium declining 9.7%. On the other hand, growth in group single premium remained strong at Rs 14,590 crore, up 46.6% year-on-year. Private insurers premium growth decelerated to 13.7% year-on-year in August 2020 (against 26.1% in July 2020) to come in at Rs 7,326 crore while the Life Insurance Corporation (LIC's) premium growth was strong at Rs 19,714 crore, up 15.2% year-on-year," said the report.

Incremental accretion seen in single premium products, especially group single premium across LIC as well as private insurers, has led to growth in overall premium but kept APE traction slower.

In July 2020, APE for the sector remained in negative territory at 33.8% year-on-year (Rs 7,626 crore). A gradual pick-up in the economy has led to a revival in APE at 2.2% YoY in August 2020. APE is the sum of annualized first year regular premiums and 10% weighted single premiums and single premium top-ups.

TOP

Source

Why term insurance is best bet for those seeking life cover - Financial Express – 5th October 2020

The Covid-19 pandemic has taught us well, especially, why it is more important than ever before to be covered by insurance. While having health insurance helps you avoid burning a hole in your pocket in case of medical emergencies, at the same time having a life insurance policy provides the dependents and family members of the policyholder financial help in case of any unforeseen situation.

In the current financial year, the trend for buying insurance is more accelerated than ever. Pankaj Chauhan, CEO, and MD, EPOCH Insurance Broker, says, "An insurance policy helps and protects the policyholder's family if the breadwinner loses his/her job, falls ill, or in case of a severe accident. With a life insurance policy, many consider it as an investment vehicle." Many people buy insurance not only to protect themselves and their families from adversity but also as an investment option.

Having said that, experts say, mixing the two, investment and insurance, is never a good option and people should keep it separate.

Industry experts say term insurance covers are the best bet for those seeking life cover. Term plans in fact are known as the most straightforward risk protection plans. They offer a higher sum insured at cheaper premiums. Hence, for a monthly or yearly premium, policyholders can get pure insurance cover.

These days, however, there are various other term plans that have been brought in by insurers such as, term plans with return of premium on policy maturity, etc. Chauhan of EPOCH Insurance Broker, says "Given the pricing and the popularity of the regular premium term plans in the said policy premiums paid for the agreed policy tenure are forfeited by Insurer at time of policy maturity. While this seems like a bad deal, it has some advantages. For a relatively small sum, a policyholder is provided with an insurance cover of up to 1 crore or more." Hence, for policyholders who are concerned about their families, term plans are the ideal deal.

Experts say, in today's time, investing in term plans makes greater sense than ever before. The battle against COVID-19 will be raging for months if not years, and under such a scenario, investing in term plans guarantees security for the family. Having the right insurance policy will help policyholders secure their families, in case the worst happens.

(The writer is Priyadarshini Maji.)

TOP

Source

Life insurers welcome plan for standard term product - The Hindu Business Line – 3rd October 2020

Consumers looking to buy a term insurance product may soon have the option of a standard product. Coming in the backdrop of the Covid-19 pandemic that has led to rising demand for protection products in the life insurance segment, the regulator's plan for a standard term product has also been welcomed by insurers.

IRDAI Chairman Subhash Chandra Khuntia had recently said the regulator plans to introduce a standard term insurance product which would be introduced by all insurers.

"It becomes much easier for policyholders to buy such products," he had said, but he did not give further details. Though a term insurance has a standard objective of providing a death benefit or the sum assured to the consumer in case of an unfortunate event, insurers point out that there can still be a large number of variations.

"Some products have to be simple in the way they are delivered and consistent so that the mass population can make a decision without having to think about what is hiding behind a product. In that context, for a large part of the customer segment, to offer such standardised product is a very interesting concept," said Satyan Jambunathan, Chief Financial Officer, ICICI Prudential Life Insurance Company.

He pointed out that even in term insurance, there can be a range of products — in the way the premium is paid, which can be single pay, limited pay or regular pay. Similarly, the benefit can be lumpsum, income, or income for five, 10, 15 years. Products can also have critical illness cover, covering a varied number of such illnesses, he further pointed out.

Noting that term insurance products are less complex than endowment and ULIP plans, and can be bought easily through digital means, Santosh Agarwal, Chief Business Officer, Life Insurance, Policybazaar.com, said that the only difference one sees when buying a term plan from different companies is that the benefit of riders and add-ons are different and unique to different companies.

"Customers may want to analyse claim settlement rates, other benefits like critical illness, accidental death, hospitalisation, and waiver of premium," she further noted. Ravi Krishnamurthy, President Zone I, SBI Life Insurance, too welcomed the move, and said that many people in the country may not be able to choose between plans.

"The IRDAI's objective is to make the definitions simple and transparent. Some customers can make a decision based on solution advisory but a standard product is the need of the industry and makes it more agnostic to insurance companies and more customer-centric," he had told reporters at a recent press conference.

(The writer is Surabhi.)

Source

TOP

Retirement Planning: Do you have a financial plan if you outlive expected life? – Live Mint - 2nd October 2020

Every financial plan is based on certain assumptions. A basic assumption for a retirement portfolio is 'life expectancy' where you assume to live up to a certain age and all the investments are planned around that assumption. What if you outlive that age? Have you factored in longevity in your financial plan? Unpreparedness can be a huge financial threat. It is crucial to make provision for those extra years.

Make your money work harder to earn extra returns?

We have learnt that equities are for long term. Most financial plans assume that the person would retire at the age of 60 and live for 20 more years till 80 age. These 20 years post retirement are long enough to invest in equities. The allocation will depend on the risk profile and needs in general but some equity in your portfolio is necessary to give boost to your retirement income.

"Understandably, senior citizens and people nearing retirement are most likely to be conservative investors. They would look for stability and would prefer not to take a lot of risks. But, to give their hard-earned money an overall stable growth, one should always consider minor diversification into equity ETFs as well as alternative investments like REITs & InvITs," says Arpit Arora, founder, AskTheWiseGuy.

Do not underestimate annuities

One of the best options that annuities provide is payouts for lifetime. Annuities can prepare customers in the event when they outlive their expected life. You can also choose annuity payout to your spouse after your death. You can select the annuity option to pay you till lifetime to ensure a smooth inflows till your life.

"The idea of investing in an annuity is to receive a steady stream of income, in the form of disbursements, especially during retirement. Annuities are an insurance product that enables the insured to receive a regular income well past their retirement age, helping them meet their needs without being dependent on anyone. Some annuity plans also have the option of covering the individual for the rest of his life," says Parag Raja, MD & CEO, Bharti AXA Life Insurance.

The income payout depends on several factors including the tenure of the annuity, prevailing interest rate. Income received from annuities, however, is taxed at regular income tax rates.

Make provision for medical expenses

Health-related expenses tend to be high as we grow older. Ensure you have an adequate health insurance cover to live without worrying about hefty medical bills, just in case. The health insurance options though become narrow at that age, you may discuss with your insurance advisor or financial planner to choose a product that best suits your needs and standard of living.

(The writer is Avneet Kaur.)

TOP

Source

Life Insurance: Buying term plans online? Keep these tips in mind – Financial Express - 2nd October 2020

Online term plans make it easy for you to adopt the 'Research Online, Purchase Offline' strategy. Using online and digital tools, you can conduct on your own thorough research on the plans available. One of the most prominent benefits of an online term plan is the lower rate of premium in comparison to the offline plan. With online tools and calculators that facilitate easy comparison of policies, you can instantly weigh your options and find the right term policy for your requirements.

Innovative products

With the rise in demand for online term plans, there has also been an increase in the scope for innovative solutions. Insurers now offer a wider gamut of new-age term plans that go beyond just a plain vanilla cover to include comprehensive benefits and additional covers. For instance, some term plans today offer child education cover, health protection cover through a critical illness rider, to ensure there are no roadblocks that derail customers' life goals.

Another area where term plans have evolved is that one can opt for plans where the cover increases with changes in life stages such as marriage, birth of child, etc. This is to factor in the changes of an individual's financial obligations and responsibilities with time.

Things to remember before you go ahead and buy a term plan online, there are certain essential things you need to keep in mind.

Ensure that you have all documents compiled and ready to be submitted as soft copies. This will help get your insurance application processed sooner.

If your insurer requires that you need to go through some formalities such as medical tests, you need to comply with these requirements. This irons out any potential roadblocks standing in the way of your insurance application being approved.

It's important to declare all details correctly when you apply for your insurance plan. Also, do keep your insurer updated about any changes in your contact information such as your address or phone number.

At the time of purchase, you can opt for an auto-debit facility for paying premiums, so you need not stress about paying the renewal premiums on time.

(The writer is Dheeraj Sehgal.)

Source

TOP

Why is term life insurance important for self-employed? - Financial Express - 1st October 2020

The COVID-19 outbreak has changed how all of us view the world. Every part of people's lives in India has been affected, along with the economy, politics, culture, and society. The official data released by the National Statistics Office (NSO) says that India's gross domestic product (GDP) contracted 23.9 per cent in the April-June quarter of 2020-21 from that in the same quarter last financial year.

This was mainly on account of limited economic activity in the country during the quarter amid lockdowns to control the spread of the coronavirus pandemic. This was the first reported instance of decline in the economy in India in at least four decades. Moreover, this was the first ever GDP contraction reported since India began to publish quarterly numbers in the year 1996.

Challenges Being Faced by the Informal Sector

About 400 million people, which is 90% of India's workforce, work in the informal sector in India and face deep job insecurity. The people working in informal sectors have been generally excluded from debates on the economic impact of the COVID-19 pandemic. As per figures released by the Centre for Monitoring the Indian Economy (CMIE), over 45 million businesspersons are estimated to have lost employment (or enterprise loss) during the various phases of lockdown.

For people who are self-employed, chances are quite high that they carry a heavy financial burden; be it in the form of working capital loans or other loans to manage the expansion of the business or sometimes even personal loans. Due to this, self-employed individuals often end up compromising on savings and investments in the short run and don't ever think what if an untimely emergency strikes them. This pandemic has been an eye-opener in terms of telling us that future planning is a necessity. The COVID-19 crisis is not going to go away anytime soon, and thus, we must be prepared for the future.

Secure Your Future with Term Plan

In order to make sure your family is financially protected against any outstanding dues or any other financial payments during uncertain times like death of the bread winner, you need to opt for solution that promises overall protection. This is where a term life insurance plan comes into action as it plays a major role in securing your family's financial future in case of an unfortunate event like the sudden demise of the breadwinner.

The self-employed working population of India and their families are exposed to higher financial risks than salaried individuals and, hence, they urgently need to consider term insurance. However, as per a recent report, self-employed individuals merely account for 20 per cent of the people who buy term insurance every year in India. Most self-employed individuals have an uneven source of income and they often compromise with savings and investments in the short run for big earnings in the long run.

Apart from household liabilities, a self-employed individual is often personally liable to debts and liabilities with respect to his business also known as business liabilities. A business can have different liabilities at various stages. This is why it is crucial that you have adequate financial insurance-backed protection for your family through a term life insurance plan.

A self-employed individual faces a plethora of more challenges than a salaried individual and this is why it is all the more important for a self-employed person to invest in term plan. A term plan provides coverage to the dependents in case tragedy befalls the life insured during the policy tenure. The monthly premium for a term plan is quite low. The premium depends on one's age, gender, and medical history.

A 30-year-old individual can buy Rs 1 crore sum assured term insurance for as low as Rs 1,000 per month. Term life insurance plans are perfect for self-employed individuals, as the plans are cost-effective and hassle-free. Moreover, a few plans even promise the return of the 'investment' through Term Return of Premium plans. In addition, it covers the policyholder against uncertainties and sufficiently addresses the needs of the dependents.

Limited Pay Option in Term Insurance Best for Self Employed

The shorter premium payment term is especially beneficial for self-employed individuals with variable incomes. While your income is on the rise, you can pay off all premiums and enjoy risk protection until an advanced age. Moreover, as a self-employed person, you may continue earning beyond the usual retirement age of salaried people, i.e. 60 years.

Thus, a longer risk coverage will be appropriate as an income replacement in your case. If you are 32 years old now, and pick a premium paying term of 10 years with a policy tenure of 38 years, your payments will be over by the time you become 42 years old. However, you will still enjoy life coverage till you turn 70.

In a limited pay plan, the premium payment term is complete within a few years. As a result, you can enjoy an extended coverage even if you lack the surplus income for servicing the policy later in life. This plan is useful if doubts about your capacity to pay the premiums to the full policy term are holding you back from buying term insurance. The payments end within a short duration, freeing you from the burden of premiums at an older age.

(The writer is Santosh Agarwal.)

Source

TOP

Changing face of Insurance amid covid-19 pandemic – Elets - 1st October 2020

We are living in unprecedented times where the entire world is in the grip of the Covid-19 pandemic. While social distancing is the "new normal", most of us have never encountered this kind of situation in our lifetimes and it has thrown a host of challenges to governments and communities around the world from medical to economic to social issues. While a number of industries are badly affected, the pandemic has shown how somethings are very important part of our lives and one of them being life and health insurance.

Historically, the awareness of insurance products and the need for insurance has been low in India not necessarily because of less or no insurance products on offer but majorly because most of Indian market still remains under-penetrated. While the same has shown some improvement in recent times, thanks to efforts of insurance companies, industry bodies, insurance intermediaries and the regulator, it is still restricted to the bigger cities and the awareness of insurance in smaller cities and towns still needs significant improvement.

The ongoing pandemic has certainly boosted the awareness about insurance across the country as people realise the importance of protecting the financial status of the family should something unfortunate were to occur to the breadwinners. Similarly, the need to cover the hospitalization expenses associated with Covid-19 is also boosting the customers' need for fixed benefit health insurance products as well as mediclaim insurance products. Given the extent of the pandemic and its widespread reach across the country, the consequent awareness is now not only restricted to metro cities but it has also reach out to Tier 2 and 3 cities.

As far as the response from the industry is concerned, General and Health insurance companies have also been quick to respond to the emerging need by launching Covid-19specific products in the market that provides cover for diagnosis and hospitalization. Similarly, life insurance companies have stepped up the efforts to educate consumers on the fact that all their life insurance products cover death due to all reasons including Covid-19. This has further enhanced customer's attention towards the benefits of insurance and the importance of being adequately covered. The Regulator has also supported by relaxing norms for both the insurance companies &the customers as well as encouraging companies to come up with specific products to help prospective customers by providing protection against Covid-19.

While the overall sales of insurance products may be down from previous year but the same is more due to the restriction in movement and business imposed by authorities in various parts of the country to varying extent. As these restrictions are eased, we expect to see the surge in the awareness of insurance products to translate to significant growth of the insurance market. Another market phenomenon which seems to be unfolding this year is the increase in the premiums of online protection products across the life insurance industry. However, that has little to do with the current pandemic and is more because the overall mortality experience of these plans have worsened over the years as the customer base for such plans becomes wider versus what was originally thought to be restricted to internet savvy more aware metro customers. In my opinion, this can actually be viewed as a positive development for the life insurance industry as it shows increasing penetration of insurance products not only in the bigger cities but also in the Tier 2 and 3 cities. Despite this increase in premiums, the queries from prospective customers are on the rise and we are already witnessing an increase in the online sales of protection products.

The pandemic has also changed the product preference from consumers as they look more towards protection oriented products rather than savings oriented products, which have been the typical preference of consumers till date, as the importance of providing for the financial health of the family takes centre stage in people's financial planning. Within the savings products also, the preference is now tilted towards traditional products offering guaranteed returns rather than unit-linked products as customers look for safer investments in these uncertain times.

Overall, it is important that insurance companies, industry bodies, insurance intermediaries and the regulator effectively educate and enhance the understanding of the consumers not only from the metro areas but also from the smaller towns and cities about the importance of insurance and how it can be of great support in the uncertainties that life can throw at them such as the ongoing pandemic. This will benefit both the insurance industry and the consumers in the long run. Insurance is a key financial instrument and is extremely important for individuals to include it in their financial portfolios so as to avoid potentially significant adverse outcomes for them and their families in case of unfortunate events.

(The writer is Akshay Dhand.)

Source

TOP

GENERAL INSURANCE

GST on two-wheeler and health insurance premium: Rate cut not on the table yet – CNBC – 8th October 2020

It seems the wait for a potential two-wheeler and health insurance GST rate cut is going to stretch longer. People in the know have told CNBC-TV18 that the proposals for the same are yet to be examined by the government.

It was at the end of August when Finance Minister Nirmala Sitharaman while responding to a question at a CII forum about the need for lowering GST rates on 2-wheelers, said "This was indeed a good suggestion as this category is neither a luxury nor a sin good and hence merits a rate revision. Consequently, this will be taken up with the GST Council."

Since then, the GST council has met twice, first on August 27 and next on October 5.

Similarly, the insurance regulator -- Insurance Regulatory and Development Authority of India (IRDAI), for providing basic financial protection to the people in the country, has been pitching for lowering of the GST on life and health insurance premiums to 5 percent from the current 18 percent.

"Despite restrictions in face-to-face interaction due to the pandemic, the insurance business has been able to perform beyond expectations during the current pandemic, where the digital platforms have made it easier for people to obtain insurance...Understanding the need for giving impetus to insurance sector for providing financial protection during the time of distress, Chairman, IRDAI has suggested for considering lowering of the GST on life and health insurance premiums to 5 percent from the current 18 percent," sources had told CNBC-TV18, quoting the IRDAI representation to finance ministry.

"The two proposals to cut GST rates on two-wheelers and health insurance premium have not even been tabled before GST council nominated Fitment Committee," sources updated about the current status.

It is reliably learnt that the upcoming GST Council meet on October 12 will focus only on ironing out the pending issue to raise funds to make good for the shortfall in the compensation cess kitty.

Important to note here is that for any rate cut, the proposal has to be formally made to the Council, post which it gets tabled in front of the GST Fitment Committee, which then examines the proposal, sees the merit, analyses the potential revenue loss or gain and only then it makes a final recommendation to the Council for a discussion and a decision.

(The writer is Timsy Jaipuria.)

Source

TOP

General insurance companies received over Rs 5,400-crore Covid claims - Financial Express – 7th October 2020

General insurance companies have received claims for over Rs 5,400 crore from Covid-19 patients across 3.49 lakh applications.

Insurers have settled 2.17 lakh claims amounting to Rs 2,175 crore as on October 5. Players in the general insurance industry say that if claims continue to rise than the loss ratio in the health portfolio could increase by 8-10% only due to the ongoing pandemic.

Data from Insurance Regulatory and Development Authority of India (Irdai) shows that in the financial year 2019-20, health insurance had seen premiums of Rs 51,636.34 crore, a growth of 13.41% compared to previous year. As such, claims arising from the novel Coronavirus are around 10.5% of the health insurance premiums received last year.

However, players in the industry say that loss ratios for the health portfolio would further increase due to the novel Coronavirus. "Typically, every year loss ratio for the retail health policy is around 65-70% while for the group health policy its around 90-100%. But this year due to the pandemic we expect loss ratio to further go up by 8-10% for the insurance companies," said a senior official from a leading private insurance company.

The loss ratio is the ratio of claims incurred to earned premiums. So, if the loss ratio is 80%, that means the insurance companies have received a premium of Rs 100 and paid claims of Rs 80 to the policyholder. Officials in the insurance industry say that average claim size reported for novel Coronavirus is Rs 1.56 lakh for the industry.

The average claim size varies from one state to another. For example, in Maharashtra the average claim size for Covid-19 is Rs 1.25 lakh while it increase to Rs 1.83 lakh in Tamil Nadu and Rs 2.03 lakh in Delhi. However, as the number of active cases goes down, insurers expects claims to go down in the days to come.

Bhaskar Nerurkar, head- Health Claims at Bajaj Allianz General Insurance, says, "With the number of active cases going down in India, we have seen doubling of claims have gone up from 16 days to 31 days. This indicates slowing of growth rate. If things continue to remain under control in the next few days, we might see lesser number of Covid-19 claims going forward."

(The writer is Chirag Madia.)

Source

TOP

Things to consider before buying an individual cyber insurance policy - Times Now – 3rd October 2020

When you hear "cyberattack," you likely think of data breaches at a large company or retailer, but do you ever consider that you could be personally attacked? Pandemic has resulted in a digital revolution and nowadays, we rely heavily on the internet for personal and professional work. It has opened up a door for various online scams. Given this, it is important to know how we can protect ourselves against it.

A personal cyber insurance policy protects daily online users from risks that could arise from cyber-attacks. It covers multiple online risks ranging from the most common to severe ones, namely - privacy and data breach, social media hacking, cyberstalking, IT theft, malware damage, email phishing, email spoofing, media liability, cyber extortion, and personal identity theft.

Here are a few things one should keep in mind before buying an individual cyber protection policy

1. Identifying the risks:
It's crucial to figure out exactly where your real risks are because that will determine what kind of cyber insurance you will need to purchase. As an individual, your private data is at higher risk for numerous reasons like financial transactions done through various devices, e-wallets, card payments; the amount of data stored on digital devices; social media usage, etc. All these risks should be evaluated before purchasing the cyber insurance policy.

2. Choose wisely the limit of liability to be opted:
Based on the evaluation of your risk exposure, you should choose the sum insured amount. The sum insured can range from Rs 1 lakh to Rs 2 crore. Depending on your need and usage, you can opt for individual or family cover. Please note that there is a sub-limit to each risk covered and you cannot claim in addition to this limit.

3. Understand everything you get with your policy
It is essential to understand the coverages provided by your insurer so that you are aware of the threats covered in the policy. Having knowledge of the inclusions and exclusions of the cyber insurance policy makes it easy for you to file a legitimate claim. You should read the fine print carefully and understand how each trait is defined by the insurer.

4. Consider buying add-ons:
Cyber risk is difficult for insurers to quantify, leading to more customized policies than non-cyber policies. One must consider buying add-ons for complete cybersecurity. Most people opt for personal payment card loss, which ensures protection against unauthorized transactions made online, including ATM Frauds.

Cyber insurance being a niche category, it is advisable to check the claim settlement ratio of the company and see whether the insurer is sufficiently equipped with forensic experts who will settle the claim.

(The writer is Shreeraj Deshpande.)

TOP

Source

Switch from covid plan to overall health insurance – Live Mint – 9th October 2020

If you bought one of the two covid-specific products—Corona Kavach and Corona Rakshak—for the shortest tenor available, you may soon be left without a cover. The Insurance Regulatory and Development Authority of India (Irdai) launched the two products on 10 July that come with tenors of 3.5, 6.5 and 9.5 months. Once the policies with tenors of 3.5 months lapse, policyholders will have three choices: extending the tenure of the existing policy if the insurer allows it, buying another covid-specific plan, or switching to comprehensive health insurance.

Experts advise buying regular health insurance plans rather than disease-specific covers because of the wider protection they offer. "There are several similar risks that individuals live with such as an accident at home or work, or a sudden acute illness. A comprehensive health insurance policy ensures that an individual's savings corpus remains protected in case of exigencies," said Abhishek Bondia, managing director and principal officer, SecureNow.in.

Here are some of the things to keep in mind if you are planning to buy a comprehensive health policy.

The COVER amount
It's important to buy a policy with adequate sum insured.

There is no one-size-fits-all approach here but you should pick the cover depending on the category of hospital you are likely to opt for. Also, remember that the cost of hospitalization can be higher in metro cities like Mumbai and Delhi compared to tier II and III cities.

It's imperative to take the future cost of treatment into account while buying insurance. An 8% medical inflation would mean the cost of a procedure will increase from, say, ₹6 lakh to ₹13 lakh in 10 years. Therefore, the younger you are, the larger cover you will need because you're likely to fall prey to chronic illnesses later in life. However, don't delay buying health insurance because as you age, the premiums will go up and underwriting will be more stringent.

TERMS AND CONDITIONS
Health insurance policies come with various clauses such as sub-limits, co-payment, waiting period for pre-existing diseases (PED) and deductibles. It's important to understand these clauses and the impact they can have on your claim.

Cap on room rent: Sub-limits are where the insurer specifies a limit for an expense. You should avoid policies that come with a limit especially on room rent because other cost heads will depend on the category of the room you pick. "Treatment packages at hospitals are linked to room type. In case the insured takes a room priced higher than her eligible threshold, the insurer deducts proportionate charge on non-room rent expenses as well. This can lead to a huge dispute at the time of claim settlement," said Bondia.

Co-pay and deductible: Both these clauses would mean shelling out of your pocket or paying through another policy. Co-pay requires you to bear a pre-determined percentage of the claim amount. In case of a deductible, you have to pay a pre-fixed sum after which the insurer steps in.

Anurag Rastogi, chief actuary and chief underwriting officer, HDFC ERGO General Insurance Co. Ltd, suggests opting for a health plan that offers minimum or no sub-limits and co-pay. "Ideally, one should look for policies without these restrictions as it hinders full utilization of coverage. It is advisable to opt for a lower sum insured than opting for a policy with a higher sum insured with these restrictions," said Bondia.

There are, however, a few exceptions here. If you have a pre-existing condition which is making it difficult for you to buy a health policy, then you can opt for a plan with restrictions. Also, if you already have a policy with no restriction then you can opt for a deductible in the second policy, which will make it cheaper. The amount up to the deductible threshold can be paid through the first policy.

PED waiting period: Go through the policy document carefully to understand how much the waiting period is.

Typically, health policies have a waiting period of 30-90 days from the date of commencement of the policy, except in case of an accident where there is no waiting period applicable. "Policies also have a waiting period of one to two years before certain diseases and surgeries are covered. PEDs are excluded for three or four years if the policyholder declares it at the time of buying. If not, it's excluded forever," said Rastogi.

Policies also exclude specific treatments such as plastic and cosmetic surgery unless necessary and prescribed during an active line of treatment. Hospitalization due to self-destruction, self-inflicted injuries or the use of intoxicating drugs or alcohol is also excluded. "Any ailment related to a pre-existing condition is not payable until the waiting period lapses. So, one should select a plan with low waiting periods," said Bondia.

MINT TAKE
With the standardization of exclusions, health insurance policies are set to become better. The regulator has asked insurers to include the treatment of mental illnesses, psychological disorders, internal congenital diseases and genetic disorders, among others. But insurers are still allowed to exclude some ailments permanently.

Though premiums may go up with this move, it will make health insurance more transparent and useful, said Bondia. Policyholders should still understand the list of exclusions mentioned in the offer document, he added.

Consider family floater and super top-up plans, which may be more affordable, but ensure you have an individual cover in place.

(The writer is Disha Sanghvi.)

TOP

Source

This new-age health insurance plan is just what you need for you and your family – Live Mint – 7th October 2020

Choosing the right health insurance cover for is no child's play. The prevailing lack of knowledge about the benefits of health insurance schemes, coupled with the perceived intricacies of investment products, makes many people buy policies that may not be suitable for them.

However, the coronavirus pandemic has helped spread awareness about the need for adequate insurance cover. Tales of financial ordeal faced by families of hospitalized infected patients have made many consider a health insurance plan.

It has also led to the realization that health insurance is not a one-size-fits-all product - what may be a godsend for someone else may be a liability for you.

Reliance Health Infinity Plan, a health insurance offering by Reliance General Insurance, has been designed to keep up with the evolving healthcare needs of retail customers. Besides providing coverage for new-age treatments like robotic surgery, insurers can get additional sum insured for an additional period. For instance, you can get an enhanced cover of ₹1 lakh on a ₹3 lakh cover, an additional cover of ₹3 lakh on ₹10 lakh cover and so on. Insurers will also get a 13-month cover on the payment of premium for 12 months and a 26-month cover for 24 months of premium. What's more, policyholders will be insured not only in India, but globally as well, in case of emergency hospitalization.

Benefits of the Infinity plan

For many health insurance policy holders, sub-limits and co-payments are a major pain point. Sub-limits and co-payments can be a major cause of financial drain, especially in cases of serious long-term illnesses. The Health Infinity Plan removes that impediment significantly. There are no sub-limits on inpatient care, day-care procedures, domiciliary hospitalization, organ donor, and emergency ambulance services. There is a voluntary co-payment option and for those who opt for it, the co-payment rate is 10%.

The product also provides 90 days pre- and 180 days post-hospitalization cover so that customers are spared of the hassle of worrying about which room to choose against their insurance coverage.

Another feature that separates the plan from regular health insurance plans is that the plan also comes with Ayush benefits, so that policyholders have more flexibility with respect to the kind of treatment they want to seek. All the expenses incurred on treatment in a hospital under Ayurveda, Unani, Sidha, and Homeopathy will be covered.

Compared to other plans, the Infinity Plan offers more comprehensive coverage. Starting from infants more than 91 days old to adults till the age of 65 years, the Infinity Plan will ensure that the health of your loved ones is secured with the best health insurance policy.

The innovation ushered in by the Reliance Health Infinity manifests Reliance's commitment to deliver the best in the health insurance space in the country. The 100% claim settlement ration in 2019-2020 is a testimony to the robustness and the transparency of the claim settlement systems.

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Source

Need to slice health insurance claims data for more clarity – Live Mint – 6th October 2020

The moment of truth for a health insurance product is when a policyholder raises a claim. So in rating insurance policies for customers, claims data becomes an important parameter by which to assess an insurer.

Mint Secure Now Mediclaim Ratings (MSMR), too, looks at claims data available in the public domain when rating health insurance plans. MSMR rates insurers on the basis of their performance on claims settlement, time taken to settle claims and complaints related to claims. While this helps in ascertaining the performance of an insurance company on a macro level, it may not give a clear picture to the end consumers for two reasons: the numbers are adulterated with group claims and claims settlement rate does not give customers an idea about the out-of-pocket expenses they may have to bear despite having insurance.

Claims data needs to be cleaner and sharper. Now that the pandemic has popularized health insurance, customers, advisers and even policymakers need to look at claims more carefully. Public disclosure documents, therefore, need to dedicate more space to claims and distil the usual entries of claims reported, settled, rejected and outstanding for the retail bucket and also capture the leakages (or the out-of-pocket expenses) from the claims filed.

Here are three important public disclosures on claims that can help give a more accurate picture.

Segregation of claims

At the very basic level, claims data that sits in public disclosure documents reported by insurance companies needs to be segregated into retail and group claims. Right now this is a consolidated set.

In the case of group policies, the number of claims rejected is fewer given their structure, which comes with minimum exclusions. For example, group policies may not have exclusions such as the waiting period on pre-existing and other specified ailments. So a company with a sizeable group insurance portfolio—think corporate covers or government insurance schemes—may come across with a better claims settlement record on a consolidated basis.

But the picture may be very different on a segregated portfolio. It's important for a retail customer to look at the claims experience of the retail portfolio. A segregation of claims for group and retail portfolios, therefore, makes for more relevant public disclosure.

The Insurance Regulatory Development Authority of India (Irdai), in its notification dated 10 June, mandated additional disclosures from insurers pertaining to turnaround time (TAT) on claims across all the empanelled third-party administrators (TPAs) and in-house claims team in a segregated format for retail and group products. Insurers have to upload this data by 30 September to help customers see the TAT of various TPAs on claims. An added layer of claims settlement number for the retail bucket would help.

Indemnity vs benefit

Slicing the data for retail is only one step and may still not reflect the true picture, if the retail bucket comprises defined benefit health plans, which pay the entire sum assured. The other type of health plan is indemnity policy that pays for hospitalization up to the sum insured.

Critical illness plans come under the defined benefit category as they pay the sum assured if the policyholder contracts a defined illness. But such policies define the severity of an illness which can lead to claims rejection if the customer does not understand the nuances which is often the case. For instance, critical illness plans that cover cancer specify the severity of the ailment and usually exclude early-stage cancer.

Although defined benefit plans may not form a huge proportion of an insurer's health portfolio, segregating this bucket from indemnity will make the data sharper. Higher rejection rate in the pure retail indemnity bucket, for instance, sheds light on the sales practices of the company, among other things. Also, within the retail bucket, it would help if claims are further segregated for the insurer's own plans and Irdai's mandated standard offering Arogya Sanjeevani.

Leakages from claims

The retail claims settlement numbers talk about the percentage of claims being settled by the insurers, but a high claim settlement rate may still leave the policyholder embittered if she ends up paying a huge chunk of the hospital bill out of pocket.

"Insurer's liability is limited to the sum insured but even within that there are certain exclusions. The insurer will also not pay for unnecessary treatments or for any overcharge by the hospitals and such expenses become out-of-pocket for the customers," said Sanjay Datta, chief, underwriting and claims, ICICI Lombard General Insurance Co. Ltd.

A health insurance plan doesn't pay for certain items that are listed as non-payable by the insurance policy. These items constitute things like toiletries, cosmetics, telephone costs, laundry charges and internet costs. Even medical items like the cost of spectacles, contact lenses and hearing aids may not be paid for.

Other than these, insurance contracts may have certain clauses like sub-limits or cap on room rent. Given the fact that other medical costs are linked to the room rent, a sub-limit on room rent means proportionate deduction on other cost heads as well and hence a much higher out-of-pocket expense for the customers. "Hospitals link costs such as doctors' fee, surgeon's charges, diagnostic tests, to the category of room chosen, which tends to increase the bill disproportionately in higher room categories. In this scenario of "higher the room category, higher the charges", sub-limits on room rent along with proportionate deductions can lead to very high out-of-pocket expenses for insured patients," said Rajagopal Rudraraju, senior vice-president and product head, health and health claims, Tata AIG General Insurance Co. Ltd.

While these may be contractual disallowances, capturing the leakages in the amount of claim filed is important. "At the most basic level the insurer can disclose claims filed and the claims paid (by amount). Now there would be genuine reasons for the leakages and that is true for all the companies. A huge variance, however, would indicate policies that come with restrictive clauses like sub-limits that customers should watch out for," said Kapil Mehta, co-founder, Secure Now Insurance Broker Pvt Ltd. "In fact when we look at claims typically disallowance constitutes 20%, which is out of pocket for the insured customer. However, we have also seen instances where disallowance have gone over 50% and this is largely due to the presence of restrictive clauses like sub-limits or the claim itself being for an item not covered," he added.

While leakages is a good line of enquiry into the product, insurers feel this may not yield the desired comparison. "Products with sub-limits only reflect a higher level of contractual disallowance. It's, therefore, important to compare disallowance in similar products. Arogya Sanjeevani, for instance, is a good example to capture leakages. A higher leakage would be a red flag on the claims settling ability of the insurance company," said Datta. As India reels under the impact of the covid-19 pandemic and households struggle with medical expenses, health insurance will become important. It's, therefore, important to start thinking about the next level of data refinement for public analysis.

(The writer is Deepti Bhaskaran.)

TOP

Source

Mind the waiting period in insurance – Live Mint - 5th October 2020

To avoid frauds and misuse of health insurance, insurers have a waiting period before they start covering pre-existing diseases (PED) and other specified diseases.

The waiting period usually starts right after the cooling period, which usually lasts a month. During the cooling off or the initial waiting period, the insurer may not honour any claim except accident-related ones.

Insurers don't admit claims related to a PED or specified diseases during the waiting period. A PED is a condition, an ailment or an injury that was diagnosed up to 48 months before a customer applies for a policy. The waiting period for PEDs can be up to four years, depending on the insurer and the policy you choose. Most premium policies, where the cover is high (above ₹20 lakh), typically, have a lower or no waiting period for PEDs.

There are some ailments or conditions that are difficult to detect in medical tests, which customers need to take during the policy-buying process, and the treatment for such diseases could also be postponed for some years. For example, arthritis. Insurers could have a waiting period of up to two years for specific diseases like these. Some insurers may lower the waiting period if the customer is willing to pay a higher premium.

(The writer is Tinesh Bhasin.)

TOP

Source

5 key factors to consider while buying health insurance plans online - Financial Express - 5th October 2020

Buying Health Insurance Plan Online: After the outbreak of Coronavirus, a significant rise has been witnessed in the purchase of health insurance policies. In addition to the regular health insurance plans, there are exclusive covers for COVID-19 as well. What is important is to buy health coverage not only for oneself but for all the members of the family. And what's more, the premium paid comes with tax benefits as well.

In fact, one should not wait for a financial emergency to strike and hence most financial planners suggest buying a health cover for self and family members even before one starts to save. The tax saving is incidental while the benefit of owning health insurance is huge as it helps in meeting medical expenses during hospitalisation and thus protects one's investments.

One can buy health insurance plans from one's insurance agent, from insurance aggregators such as Policybazaar, Coverfox etc or directly by visiting the insurer's website. With most of us already familiar with the online shopping experience, buying of health insurance online has also increased.

If one is buying health plans online, there are a few important things to keep a note of. Firstly, similar to buying a health plan offline, one should disclose all pertinent information about one's health to the insurance company. Importantly, if one has any pre-existing ailments at the time of filling the online form, it should be disclosed to the insurer.

Secondly, ensure that there is no variation in the information provided at any time while applying and at the time of hospitalisation, as it may lead to a delay at the time of claims settlement. Thirdly, the medical underwriters may ask the proposer to undergo medical tests before issuing the policy. If one is below a certain age for example 40 or 55 years, the insurer may not ask the buyer to go for medical tests if there is no adverse medical history of the buyer.

Fourthly, while buying a health insurance plan online one should carefully go through the policy terms and benefits before taking a final decision. Make sure to go through the inclusions and exclusions of the health insurance plan. Fifthly and finally, merely paying the premium online will not be sufficient proof for tax benefit. Online purchasers need to ensure that the policy document is generated that will work as proof for tax purposes.

(The writer is Sunil Dhawan.)

TOP

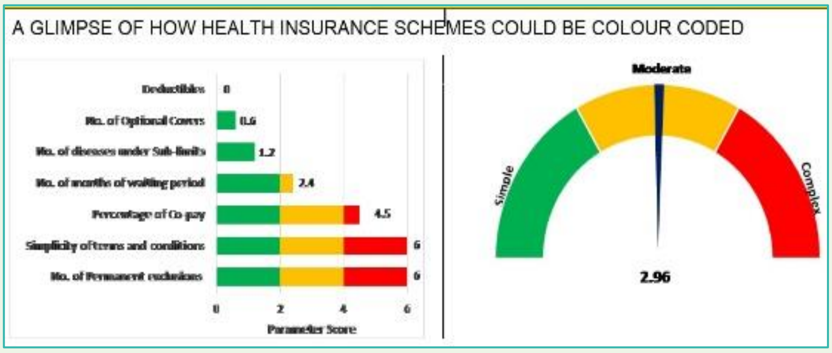
Source

Green, orange or red: These colours will reflect if a health insurance plan is simple or complex - Moneycontrol – 5th October 2020

To make health insurance more customer friendly, every such medical plan by a general insurer or standalone health insurer will soon carry a colour code. The colour codes will indicate the level and extent of the complexity of the product.

Earlier, mutual funds had a colour-coding system to denote the riskiness of the product. However, that has now been replaced by labels showing high risk or low risk.

The Insurance Regulatory and Development Authority of India (IRDAI) has said that to calculate whether a health plan is simple or complex, a set of scores will be given to the product based on its terms and conditions.



Here, factors like number of optional covers, percentage of co-pay, waiting period, permanent exclusions, number of treatment, and simplicity of terms will be considered for deciding on a score for the product.

Products with a score of 2 or less will be classified green, more than 2 and less than 4 will be orange, while those above 4 and up to 6 will be red.

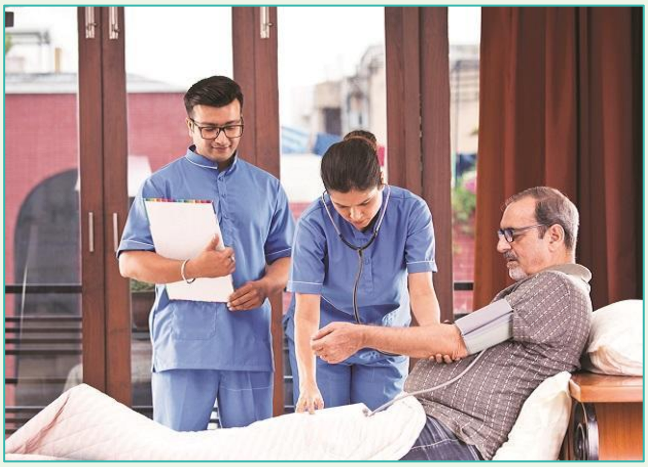
More the number of optional covers and percentage of co-pay, higher will be the score. For example, if a health insurance product has 5 optional covers, then the score of the product on this parameter will be 3 considering that each optional cover has 0.6 as score.

Similarly, a score of 0.3 is given for every 1 percent rise beyond 5 percent in co-pay, subject to a maximum score of 6. In case of multiple options, the average of the options shall be considered. For example, if a health product has two options of 10 percent and 20 percent co-pay then the average co-pay shall be 15 percent. IRDAI has asked stakeholders to present their views on this colour-coding scheme by October 15.

TOP

Source

Choosing a suitable health plan to become easier with standardised norms - Business Standard - 4th October 2020



In recent months, the Insurance Regulatory and Development Authority of India (IRDAI) has come up with several regulatory changes aimed at simplifying health insurance and making it more customer-friendly. Many of these changes came into force from the beginning of this month. Let us try to understand how these changes will impact you, the policyholder. Standardisation of policy wordings: Starting from October 1, several important clauses in health insurance policies will be standardised. Insurers have been asked to incorporate the same policy wordings, prescribed by the regulator, across all products. According to S. Prakash, managing director (MD), Star Health and Allied Insurance, “Standardisation will address and improve factors like claim rejections, turn-around-time (TAT) for approval, issues related to waiting time for pre-existing diseases (PED), and so on." Hospitals also stand to benefit. Says Prakash: "Insurers will adopt a uniform approach, which will enable hospitals to offer better services. This synergy will ultimately benefit customers."

Since policies will be similar on several parameters, customers will find it easier to understand them. Product comparison will also become easier. "These guidelines may lead to a slight increase in the premiums of health plans. But this is a good move as it will provide greater confidence to customers at the time of purchasing a plan," says Naval Goel, chief executive officer (CEO), PolicyX.com. The guidelines also require customers to make full disclosure. Says Amit Chhabra, head-health business, Policybazaar: "If policyholders misrepresent facts or fail to disclose material facts while buying a health insurance policy, they will forfeit the premium paid. Insurers will also have the right to render the policy void."

If an individual owns multiple policies, he will have the right to settle his claim from any of them. In such cases, the insurer will be obliged to settle the claim as long as it is within the limits of the policy and meets its terms and conditions. The regulator has also demanded greater clarity from insurers. Says Chhabra: "Terms and conditions related to claim settlement, cancellation of policy, porting to another insurer, renewal, and redressal of grievances must be clearly mentioned in the policy document."

Telemedicine to be covered: Many people need to consult their doctor regularly. Keeping in mind the need to safeguard them, the regulator has now asked all general and specialised health insurers to start covering the cost of telemedicine consultation in their policies. Says Goel: "Plans with OPD (out-patient department) covers will benefit from these guidelines." If your policy does not cover you for OPD expenses, then it will not cover the charges for telemedicine consultation. At the time of purchasing a policy, customers must check whether it provides an OPD cover. Says Chhabra: "A few companies don't provide it in their basic cover. In that case, one may cover OPD expenses by buying an add-on policy." Proportionate claim deductions: The new rules say that insurers can no longer include within 'associated medical expenses' the following items: costs associated with pharmacy and consumables, implants, medical devices, and diagnostics (see box: What is proportionate deduction). Says Chhabra: "In future, insurers will not be allowed to recover expenses towards proportionate deductions other than the defined associated medical expenses."

The regulator has asked insurers to ensure that proportionate deduction is not applied in case of hospitals that do not follow differential billing based on room category. Insurers will also not be allowed to apply proportionate deduction to ICU charges. The total deduction made at the time of claim will reduce significantly. Says Chhabra: "This will reduce the out-of-pocket expenses of customers to a great extent." Other key changes: Another positive step is the introduction of a moratorium period in health insurance. Under the new rules, once a customer has paid a premium for eight years, his claim cannot be rejected unless it is fraudulent. Says Krishnan Ramachandran, MD & CEO, and Max Bupa Health Insurance: "With the inclusion of the moratorium clause, customers will want to stay covered for long so that they are able to derive the optimum benefit from their health policy."

The guidelines have also brought greater clarity to the definition of PEDs. Any disease that was diagnosed 48 months prior to entering the plan will be considered a PED. The guidelines also bring greater uniformity to the list of diseases excluded from coverage. "Health conditions such as age-related macular degeneration, mental illnesses, enteral feedings, and internal congenital and genetic diseases will get covered by health insurance policies," says Ramachandran. Also, customers will have to be informed about exclusions and their consent will have to be obtained. "This will ensure there are no unpleasant surprises at the time of a claim," says Goel.

(The writer is Bindisha Sarang.)

TOP

Source

1 crore Health Insurance: Maximum coverage at affordable pricing - Financial Express – 4th October 2020

In India, health and specialised health insurers have been rolling out focussed health insurance covers against COVID-19 in the last 3 months. The demand for health insurance has witnessed a significant rise with the government lockdown and coronavirus pandemic. There is a positive impact of COVID-19 as more and more people have started investing in health plans.

As per available statistics, health insurance-related queries have gone up by 50 per cent and the talk time has also increased significantly over the past couple of weeks. The COVID-19 outbreak is most likely to boost growth in health insurance in a relatively under-insured market by increasing the health insurance penetration rate.

Increase in Demand for Plans with Higher Coverage
Apart from a rise in demand for health insurance plans, there is also demand for health insurance plans with higher sum insured. People buying health insurance plans with higher sum insured have increased drastically. Earlier, the share of people buying health insurance plans with Rs 20 lakh to Rs 1 crore sum insured was less than 5 per cent. However, the share has now increased to 50 per cent over the last 2-3 months. This is generally because earlier, people used to have a false perception towards health insurance. To them, Rs 5-7 lakh sum insured health insurance plans seemed significantly large and enough to take care of all medical expenses. For many, the amount was sufficient to sustain their individual as well as family's needs and requirements in case something untoward happens, which leads to sudden hospitalisation. However, they have started to realise the fact that this perception is wrong.

While the scope of healthcare and medical treatment is improving by leaps and bounds in the country – delivering more positive outcomes – the flip side has been a massive increase in the cost of medical treatment, and to be more precise – quality medical treatment. Fortunately, health insurance is available to take care of various unforeseen health emergencies. As per insurance market trends, the number of people investing in plans with higher sum insured i.e. 1 crore has significantly gone up. As of all the health insurance policies being sold online in the last 3 months, 40 per cent are the ones with Rs 1 crore sum insured. A major reason for the significant surge in the number of people investing in such plans is the highly affordable prices at which they are being offered.

Maximum Coverage at Affordable Pricing
For example, the plan being offered by Religare, i.e. Care Advantage, is available for Rs 13,590 for a 32-year-old individual. The plan comes with zero co-payment and without any sub-limits. Similarly, Max Bupa Health Insurance's Super Saver plan with Rs 1 crore sum insured is built with a combination of two elements – Rs 5 Lakh Base Plan (which also acts like the deductible) and Rs 95 Lakh Super Top-up. Unlike other usual health insurance plans where the deductible is to be paid by the customer during the claim, under this plan, the deductible element of the plan acts as the base plan and hence the customer does not have to pay anything regardless of the claim amount.

For instance, if there is a claim of Rs 3 Lakh, the amount will be paid by the insurer from the base policy and the consumer need not make any payment. The premium for a 30-year male living in a metro city costs Rs 10,992 while adding a spouse to the plan brings the premium to Rs 14,729.

Premium Comparison of a 30-year-old Individual with Rs. 10 Lakh Sum Insured		
Insurer	**Plan Name**	**Premium**
Religare Health Insurance	NCB Super Premium	9,092
Max Bupa Health Insurance	Health Companion	10,379
Aditya Birla Capital	Active Assure - Diamond	7,938
Premium Comparison of a 30-year-old Individual with 1 Crore Sum Insured		
Insurer	**Plan Name**	**Premium**
Religare Health Insurance	Care Advantage	13,590
Max Bupa Health Insurance	1Cr. Super Saver	10,992
Aditya Birla Capital	1 Cr. Sum Insured**	9,552

**Source:* www.policybazaar.com

Eliminates the Need of CI Plan

Meanwhile, trends also say that more people are buying health insurance cover with higher sum insured instead of buying a basic health policy with a CI (critical illness) plan add-on as the premium in the former case is cheaper by Rs 5,000. A higher sum insured is necessary in a health insurance plan if you want to combat the high medical costs. So, isn't it better to choose a health plan with the maximum coverage level based on your needs? And with cost-effective plans today already available in the market, the affordability must not be a concern.

(The writer is Amit Chhabra.)

Source

[TOP]

Private insurers extend lead over PSUs as more individuals buy health covers – The Times of India - 2nd October 2020

Standalone health insurance companies have been the biggest gainers during the covid pandemic increasing their market share of health insurance in the country from 20 percent before the pandemic to 25 percent. Private insures, which include the large players like ICICI Lombard and Bajaj Allianz now accounts for 60 percent of all health insurance sold in the country. Public sector companies, who had a 46 percent share of premium before the pandemic now have only 40 percent of the Mediclaim market.

What has helped the private companies is their ability to distribute policies to individuals. This is the segment which has registered the highest growth as compared to group health insurance which is concentrated with public sector insurers.

"Growth driver was mainly the remarkable shift in consumer's attitude towards health insurance. The current pandemic crisis has led to increased awareness about the benefits of health insurance as it is the only instrument that can help tide over the financial burden of high medical expenses," said Subrata Mondal, EVP, and head - underwriting, IFFCO Tokio General Insurance Co.

Insurers say health insurance was slow to pick up in the initial months of the pandemic as treatment was undertaken only at government hospitals. It was only in June when cases started being referred to private hospitals and news of high cost of treatment started doing the rounds that demand for health insurance skyrocketed. The regulator also helped increase awareness by mandating all insurers to sell Corona Kavach - a standardised Covid-specific product, where wording and coverage are the same across all insurance companies. Insurers also said that it has largely been millennials who've been buying new covers or topping-up on existing policies.

"About 75-80 percent of health buyers during the lockdown were below age 45; mostly Millennials. Some of these people had existing policies with their employer - but still bought extra coverage as the sum insured or conditions covered, they felt were not adequate," said Gurdeep Singh Batra, head - retail underwriting, Bajaj Allianz General Insurance. "Another trend we noticed was that 60 percent of buyers were men and 40 percent women. Of course, many of the buyers bought family floater policies so this not an indication of coverage or lack of it," he added. Insurers also said sales have been higher in the West and North - with states like Maharashtra, Delhi NCR, and Gujarat leading; followed by Southern states like Tamil Nadu and Karnataka.

(The writer is Rachel Chitra.)

Source

TOP

No medical check-up or extra premium! Smokers can easily buy health, life insurance - Business Today – 2nd October 2020

KEY HIGHLIGHTS

- Many people believe in the myth that smokers are denied insurance
- Some feel the premiums are too steep for smokers
- The fact is smokers do get insurance, but with some underwriting conditions
- Some insurers offer same premium as that for a non-smoker, while others may charge extra
- People with lung diseases or family history of such maladies may have to go for extra scrutiny or denied cover
- Some policies offer incentive to adopt healthy lifestyle and quit smoking
- In case of exceptionally high smoking, your insurance proposal can be rejected

It is a common myth among smokers that the life or a health insurance policy will not be available to them. An even bigger a myth is even if a life or a health insurer issues them a policy, the premium will be quite steep and medical tests will be needed. While it is true to some extent, couple of health insurance companies are lenient when it comes to selling policies to smokers. If you declare that you are a smoker but have no lung disease, you may get a health policy at the same premium as a non-smoker without medical tests. However, most life insurance companies do load extra premium on term insurance products.

"As a lead health insurer, we want to be all inclusive. We ask customers if they are suffering from a lung disease or not. If they are not, then we give them insurance like any other person. In India, only those with a fear of disease or a genetic predisposition to it buy insurance. If you say no to them, health insurance penetration will not rise," says Prakash Subbarayan, managing director, Star Health Insurance.

ICICI Lombard also does not charge extra premium from smokers. In fact, both insurers have wellness benefits under which they encourage policyholders who smoke, to quit smoking. "Under the wellness program of our flagship product, we reward customers with wellness points for displaying a positive change in lifestyle by quitting smoking. The wellness points so rewarded can be redeemed against out-patient medical expenses such as consultation charges, medicine expenses and diagnostics etc," says Sanjay Datta, Chief - Underwriting and Claims at ICICI Lombard General Insurance.

Some insurance companies may have a pre-defined limit, for example, 20 cigarettes a day, beyond which if you smoke, they'll load extra premium. "If the pre-defined limit is 15-20 cigarettes and you smoke less than that, then it is not a problem. Otherwise there could be a loading of 10-20 per cent on the premium or rejection altogether," says Amit Chhabra, Head - Health Insurance, Policybazaar.com.

In the life segment, however, a smoker customer may have to pay up to 25-50 per cent higher than a non-smoker. Max Life Insurance has differential premiums for smokers and non-smokers. "Not all smokers require medical examination. We have fully established process of tele- and video-medical consultation which caters to 35-40 per cent applications. Instances where physical medical examinations are required, then they are carried out either through home and center visit by our panels of credited laboratories. All our labs follow strict protocol of social distancing, protection and safe sanitation to ensure utmost safety," says Manu Lavanya, Director & Chief Operations Officer, Max Life Insurance.

One term plan by ICICI Prudential under which you don't require a medical test is its Point of Sale (PoS) product, I Protect Smart. The insurer has recently dropped the prices by up to 30 per cent on it. The entry age is up to 46 years and the sum assured can go as high as Rs 1 crore. "For a 35-year old salaried individual, the plan can be bought for a monthly premium as low as Rs 1,399 offering a cover up to the age of 65 years (maximum) with Rs 1 crore (maximum) sum assured. It is a simple non-medical term insurance product," says Santosh Agarwal, Chief Business Officer - Life insurance Policy bazaar.

Honest declaration is must

Customers should be aware that declaration regarding pre-existing diseases, if any, and the extent of your smoking is a material information that you must share with the insurance company to avoid claims rejection. Some insurance firms may have started offering non-medical policies to reduce entry barrier, it is still to your advantage to be sure about your health status. If you have been a heavy smoker for a long time, even if you do not have a disease now, you should get a medical test done lest the insurance company rejects your claim due to non-disclosure of material information.

"Insurance companies define a smoker as a person who consumes nicotine in any form. Nicotine can be easily found via blood, urine saliva, and hair. The duration of nicotine in the body defines how regular you smoke and other related conditions. It is advisable for a smoker to get his/her medical tests done by the insurance company at the time of buying the policy itself to reduce the area for dispute at the time of claim," says Naval Goel, CEO & Founder, PolicyX.com.

If you have not smoked for last 6-12 months, you may declare that you are a non-smoker, but still it would make sense to go for a medical check-up before buying the life or a health insurance policy.

(The writer is Aprajita Sharma.)

TOP

Source

MOTOR INSURANCE

Planning to renew your expired car insurance policy? Here is how to do it – Financial Express – 8th October 2020

It is mandatory to have at least the third-party vehicle insurance as per the Motor Vehicle Act, in India. Usually, car insurance policies offer coverage up to a specific time limit, similar to other insurance plans. When the policy term ends, the insurance plan no more covers the damages or expenses, and the policyholder can file a claim only after the policy is renewed.

Rakesh Goyal, Director, Probus Insurance, says, "If an individual is found driving on the roads without a valid motor insurance policy, then he/she might have to face financial and legal problems." Hence, if your policy expires, you will be left uninsured. For instance, if you encounter any unfortunate situation such as an accident after the policy term expires, there will be no help from the insurer.

Usually, the insurance policy lapses if it is not renewed before the due date by the policyholder. If a policyholder does not renew the policy within the due date, and any accident or damage occurs after that, the policyholder has to bear the entire expenses by himself. After the policy is renewed, the insured can get the coverage and the benefits again.

Goyal of Probus Insurance says, "The best perk of renewing the policy on time is that the insured can avail the No Claim Bonus (NCB) and other benefits as per the plan." He adds, "Someone whose policy has lapsed more than 3 months ago might lose the benefits of NCB. Such a situation could be of considerable loss for a safe driver/individual who hasn't claimed in the past years."

Additionally, as per the Indian Motor Laws' norms, driving a car without a valid car insurance policy is a punishable offense, wherein strict actions and fines are also imposed on the driver under such a case. Hence, it is always suggested to consider renewing the motor insurance policy on time to avoid any financial and legal issues.

Here is what should you do after your motor insurance policy expires:
Once a motor insurance policy expires, the first and foremost thing to do is to inform the insurer from where the insurance plan was bought. Experts say as soon as the policyholder gets an update about the motor insurance policy's expiry, this must be done on a priority basis.

Once the insurance company is informed, an appointment would be fixed for the survey of your vehicle if your policy has expired. The surveyor inspects the car and sees if there are any pre-existing damages. Goyal says, "There are chances that the insurer would set a fixed deductible on the damage and would be charged to the insured during the further claims. Post the inspection process, the policyholder can also opt for a new car insurance policy." Note that you will have to purchase the new car insurance policy as soon as the inspection is done as the inspection is not valid for a longer duration.

Having said so, the renewal period is the time when you can also switch to another insurer if you are not happy with the current insurer. If you are planning to switch between insurers, look for an insurer that offers better services and enhanced coverage on the vehicle. As a policyholder, you can also opt for additional benefits or features in your motor insurance plan during the renewal process. Hence, compare quotes online and find the insurer that can offer better insurance plans at comparatively low premium rates.

(The writer is Priyadarshini Maji.)

TOP

Source

Here's how to smartly invest in a bike insurance plan to protect your vehicle - Deccan Chronicle – 5th October 2020

Buying bike insurance is a mandatory requirement for all bike owners in India. With a plethora of plans available in the market, choosing the right cover can be overwhelming. Here are a few tips for investing smartly and getting maximum protection.

In India, bikes are one of the most popular means of transport. Two-wheelers not only help you breeze through the traffic but also are much easier to maintain than cars. But, on the flipside, bikes are also exposed to accidental risks. Research suggests that nearly 80% of the road accidents that occur in India involve a two-wheeler. Hence, if you are a bike owner, you must buy a robust two-wheeler insurance policy to protect yourself from accidental damages.

Today, many insurance companies in India offer various bike insurance plans to suit people's varying needs. If you are a first-time bike insurance buyer, choosing the right policy can be overwhelming as there are many factors to consider. To help you choose the best plan and get maximum protection, we list down a few smart tips:

Choose the right type of bike Insurance
In India, bike insurance policies are broadly classified as – Third-party insurance and Comprehensive Insurance. The insurers offer different types of bike insurance plans under each category. For example, HDFC Ergo gives you a choice of four plans.

Third-party insurance is mandatory under the Motor Vehicles Act, and it is the most basic form of insurance. It offers financial protection only against the damages caused to the third-party vehicle. It does compensate for the damages to your vehicle.

A comprehensive bike insurance policy, on the other hand, provides much wider coverage. It offers financial protection against damages to your vehicle and covers third-party liabilities. The premium for a comprehensive policy is more expensive than third-party insurance, but it minimises your liabilities in the event of an accident. When you buy bike insurance online, you must determine your needs, asses the features of the plan and choose the right type of policy to suit your needs.

Choose the Add-ons Carefully
The add-ons, which are also commonly referred to as riders, are additional coverage options that you can purchase to widen the coverage. The insurers offer a wide variety of add-ons, and as a first-time policy buyer, you may be tempted to buy many add-ons. But, remember, each add-on comes with a price, and it increases your premium.

So, when you buy a policy, you must be careful with the add-ons selection. For example, if you are sure that you will use the bike alone, it does not make sense to purchase a pillion rider cover. But, it would be wiser to buy an engine protection cover so that you get full compensation for any damages that may occur to the engine.

Understand the IDV of the vehicle
The IDV or Insured Declared Value of the vehicle is the maximum amount the insurer pays if the bike gets damaged beyond repair or stolen. The insurance companies determine the IDV when purchasing the policy, and it is determined based on the showroom price of the vehicle.

Experts recommend getting the IDV evaluated from a third-party source and not solely rely on the insurer's evaluation. This way, you will get maximum compensation in the event of total loss or theft of the bike.

Be Wary of the Insurer's Claim Settlement Ratio
Not many bike insurance policy buyers realise the importance of the insurer's claim settlement ratio. The CSR is calculated in percentage, and it reflects the number of claim requests the insurance company has settled successfully against the number of claims received in a year.

Generally, the reputed insurance companies have a high CSR. You can easily find the claim settlement ratio of the company on the IRDAI website. So, before you zero-down on the insurer, make sure to check its CSR to avoid the risk of claim rejection.

Final Word
Thus, when you invest in a bike insurance policy, you must note the things mentioned above and get maximum protection.

Source

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CROP INSURANCE

Now, millets covered under crop insurance scheme in Kerala - The Hindu Business Line – 8th October 2020

For the first time in Kerala, millet crops have secured a place in the Restructured Weather based Crop Insurance Scheme (RWBCIS) implemented by Agriculture Insurance Company of India. As per the recommendations of the farming community, the State Level Coordination Committee on Crop Insurance (SLCCCI) has notified millets which include Sorghum (cholam), Finger Millet (Ragi / Koovaragu), Pearl Millet (Bajra /Kambu), Proso Millet (Panivaragu), Barnyard Millet (Kavadappullu), Foxtail Millet (Thina) and Little Millet (Chama) for the scheme. RWBCIS, being implemented in Kerala under PMFBY since Kharif 2016, has recently incorporated several farmer-friendly changes, inclusion of new crops under the scheme being the major one.

The progress is being carefully monitored by the farmers and the technical experts to verify its results during Kharif and subsequent Rabi seasons, an official of AIC said. The crop-specific insurance covers notified for millets are deficit rainfall (July-August), rise in day temperature (June-August) and unseasonal excess rainfall (May-September). The farmers are also eligible for claims assessed at individual field levels for the perils of inundation, high wind speed and landslides, the official said.

"It is a welcome decision to promote millet farming considering the climate change impacts and nutritional attributes. The decision can persuade the farmers in other parts of Kerala also, to further extend the area under farming of these super food crops, Indira Devi, former Director of Research, Kerala Agricultural University said. Millets in Kerala are cultivated on 284 hectares in Palakkad and Idukki. Jowar is the main millet (174 ha) which is grown only Palakkad, producing nearly 139 tonnes.

The total production of Ragi is 110 tonnes both in Palakkad and Idukki. These are mainly grown by the tribes in these places. The Kerala government has launched massive programmes for the promotion of millet cultivation in Attappadi area as these are ideal crops for hardy situation normally grown under rain-fed conditions. Since the crop is grown mainly by the tribal communities, the role of institutional support mechanism is also very important for them to enjoy the benefits of the scheme, she added.

(The writer is V.Sajeev Kumar.)

Source

TOP

SURVEY & REPORTS

Will insurance now be a must for you while travelling within India – Business Insider – 7th October 2020

The increasing caution displayed by potential Indian travellers is evident from the fact that a whopping 70 percent now deem securing travel insurance a necessity even while travelling domestically. Earlier, travel insurance was predominantly preferred by outbound / international Indian travellers albeit as a secondary component of their travel.

While in some instances, the fact that it was a pre-requisite element for certain visa and immigration protocols, acted as the sole purpose for travellers to purchase travel insurance. It remains to be seen if travel insurance is now made mandatory by national and state governments, with clauses that recompense passengers for bio-accidents as well.

Source

TOP

COVID-19: Life and health insurances are must for 'safeguarding future', shows survey – Live Mint – 1st October 2020

At least 80% (8 out of 10) Indians purchase life and health insurance products to safeguard future, a survey reveals. SBI Life Insurance in partnership with Nielsen has conducted a survey among 2,435 people in the country. The survey shows life insurance followed by health insurance are the top-most financial products bought with an intention to safeguard the family's future.

At least 75% (7 out of 10) who don't have a critical illness health plan, are planning to buy it within the next three months. The gap between insurance and other financial products is relatively high which underpins the consumers' trusts on insurance products for the financial security of its family, the survey mentions.

Amid the novel coronavirus pandemic, a majority of Indians are working to build up their immunity levels and fell that stress of any kind is a challenge to this, the survey shows. Over 80% Indians are focussed on building their physical immunity, and 78% strongly feel that stress and anxiety affects mental and physical immunity. The survey further attempts to better understand the cause of stress, by enquiring about the top financial worries of the consumer today. The top three reasons for stress are attributed to (1) Financial Security against critical illness, (2) Family member getting infected by any lifestyle disease or Covid-19 and (3) Job or income loss.

"The reasons for financial worries cited by consumers underpin the stress caused by financial management of lifestyle diseases. Alarmingly, over 50 per cent Indians are not sufficiently prepared to face any financial emergencies related to lifestyle diseases," SBI Life Insurance says. "For 62% of the respondents, financial immunity is equivalent to being financially prepared to tackle any uncertainty related to life and health i.e. safeguarding financial security and stability of the family lies at the core of financial immunity," the survey reveals. SBI Life's survey also shows that 53% of Indians are not financially prepared to bear the cost of COVID-19 treatment.

Commenting on the survey findings, Ravi Krishnamurthy, president – Zone I, SBI Life said, "While personal and family safety is the biggest concern in the current situation, the pandemic has re-emphasized the importance of immunity for each one of us." He further added "At SBI Life, we believe that gaining financial immunity is the foundation of achieving one's full potential and we shall continuously strive to provide the right protection tools for individuals across the country."

(The writer is Anulekha Ray.)

TOP

Source

PENSION

ESIC scheme and its benefits: Here is everything you need to know - Financial Express - 8th October 2020

The ESIC Scheme: The Employee State Insurance Scheme (ESI) is one of the largest social security schemes, globally under the aegis of Employee's State Insurance Corporation, a division of the Ministry of Labour and Employment, Government of India. ESI provides primarily sickness benefits and some other benefits to approximately thirteen crores (130 millions) Indians that include Insured Employees and their dependents.

Scheme Journey over the last seven decades: Started in 1952, ESIC scheme has come a long way in its almost seven decade's journey. It was a historical move by the Parliament as the Industrialization in India was in its initial phase and only a handful of manufacturing industries required human capital. The legislation came at a time when the country's economic situation was dwindling, thus, developing a multi-dimensional social security system to safeguard the interests of the working class with statutory provisions is marked in history as an unprecedented and a remarkable move.

Applicability and Extent of coverage: This scheme extends to the whole of India and covers all places of business registered under either in the Factories Act or under the Shops and Establishments Act, where 10 or more employees are working. An employee is mandatorily required to be covered by her/his employer as long as s/he is within the threshold limit of wages i.e. all such employees whose monthly wages are up to and equal to Rs.21,000/ per month, it is the responsibility of the employer to get eligible employees covered under the ESIC scheme.

Monthly Salary limit for coverage under the ESIC scheme for employees with disability is Rs.25000/- p.m. instead of Rs.21, 000/ in other cases. The subscriber base is rapidly increasing, every month lacs of new employees join the labour market and become the member of the ESIC Scheme.

Look at the numbers: Compared to 2018-19, where the number of new beneficiaries stood at 61.2 lakh, the list of subscribers rose substantially to 78.58 lakh in 2019-20. The net new enrolment on an average is around 7 lakh every month.

A first time employee becomes member of the Scheme:
In case monthly wages are up to and equal to Rs.21,000/ then within 10 days of joining of a new employee it is the responsibility of the Employer to ensure that such new employee and his family or dependents are covered under the Scheme and an insurance number is allotted to the employee. As soon as the employee is registered under the Scheme, numerous benefits are now available to the insured employee for self and his family members or dependents. Due to ever increasing industrialization and more and more people migrating from villages and smaller towns to urban area have resulted into separation of people from their family members as in most of the cases the work place of an employee is other than his native place. To ensure all eligible people get benefits as and when needed now-a-days, ESIC issues 2 insurance card popularly known as 'Pehchaan Card" – 01 for the employee and other one which is linked with the insured employee for the family members so that both can enjoy benefits under the scheme at their respective place of living.

Biggest benefit of the Scheme is that no upper limit of medical expenses is Capped also in case, if ESIC hospital does not have required medicines, equipment, facilities or specialist doctors then ESIC refers such patient/employee or affected family member to private hospital having such facilities and reimburse the bills directly to the service provider hospital.

Various benefits available under the Scheme are:
Besides protection against the medical expenses, the scheme provides and protects insured persons and his/her spouse for maternity benefits, hospitalization, surgery, unemployment benefits, disablement, injuries caused during the course of employment. Even in case of death of an insured employee, an amount up to Rs.15, 000/- is paid to the kin of the deceased employee.

Medical care is also extended to retired and permanently disabled insured persons and their spouses on payment of an annual premium amount of Rs. 120/- only.

The aim of the scheme is to protect the basic right of dignity and self respect, during unforeseen circumstances in order, to negate the physical and financial distress under such contingencies. A small percentage of the monthly wages is contributed to the scheme by the Employee and his employer to get insured under the ESIC scheme and to become eligible for numerous benefits stated above.

Yes, all such benefits come to an insured employee and her/his family members by paying a meagre 1% of his monthly wages per month to the scheme and the employer is required to pay 3% of the employee's wages to the Scheme.

The aim of the scheme is to protect the basic right of dignity and self respect, during unforeseen circumstances in order, to negate the physical and financial distress under such contingencies. Another noteworthy feature of the Scheme is that insurance number once allotted to an Employee remains the same as long as an employee is within the wage limit of ESIC, switching over to a new job will not have any impact on his insurance status and his insurance number shall remain the same. Even if an insured employee is travelling and needs medical help at any other place than his place of work or residence across the country, he can approach the nearest ESIC hospital, dispensary or an empanelled hospital in case s/he or any dependent needs urgent medical help.

Atal Bimit Vyakti Kalyan Yojana – ESIC Scheme has come as an angel and helping its subscribers during this Pandemic situation like no other: Current pandemic is eating millions of jobs month after month, the ESIC under the Atal Bimit Vyakti Kalyan Yojana (ABVKY), welfare measure under the Section 2(9) of the ESI Act, provides the unemployment allowance, in form of cash compensation. As an exception compensation has been increased from 25% to 50% of monthly wage for three months (applicable from 24th March-31st December, 2020). This benefit can be claimed once in a lifetime.

The benefit under the unemployment scheme is going to be capped at Rs. 31,500/- per beneficiary. To claim unemployment benefit under ABVKY the insurer is required to be in employment for a minimum period of 2 years before unemployment kicks in, and must have contributed for a minimum period of 78 days, then he is eligible for the allowance amount to be paid after 30 days. Earlier the relief was payable after 90 days of unemployment. The Atal Yojana was launched in 2018 for 2 years, however, given the current situation, the ESIC has extended this Yojana for 01 more year till June 30th, 2021.

Futures prospects of the Scheme:
The scheme has been extended to cover shops, hotels, cinema, restaurants, newspaper establishments, road-motor transport undertakings, insurance business, non-banking financial companies, airport authorities and warehousing establishments, educational institutions, private medical institutions, casual and contract employees of Municipal Corporation/ Bodies under Section 1(5) of the ESIC Act.

The scheme is increasingly expanding across India covering 566 Districts (381 fully notified, 185 partially notified) in 34 States and Union Territories with an aim to reach to 700+ districts by 2021. The Scheme covers about 3.49 crores of insured persons and a total of about 13.32 crores beneficiaries, out of which 51.2 lakh are women.

The beneficiaries will also be entitled to avail facilities from the Hospitals, health centres and dispensaries that are empanelled under the Ayushman Bharat Scheme of the Central Government. The unparalleled features and the data is indicative of the fact that ESIC has been running the best social-security welfare scheme not only in India, but globally and extending its health safety umbrella to millions of new members year after year ever since its inception seven decades ago.

(The writer is sun deep Arora.)

Source

[TOP]

NPS account opening, withdrawals to become easier! PFRDA allows intermediaries for Video KYC - Financial Express - 8th October 2020

Opening an NPS account will soon become easier. Even NPS withdrawals or processing of any other service are soon to become easier than before. In the interest of NPS subscribers, PFRDA has now permitted its intermediaries to use the Video-based Customer Identification Process (VCIP), in addition to the existing options, in order to further facilitate on-boarding, withdrawals, exit and processing of other related service requests of the subscribers of the National Pension System (NPS).

While a lot of NPS services have been moved online including on boarding of new subscribers and their servicing, the physical presence of NPS subscribers is required at POPs (Points of Presence) for in-person verification (IPV) to complete the process of exit and some other allied services. Compulsory physical presence is posing challenges for the subscribers as well as the PoPs/Nodal officers, which leads to subscriber grievances and delays the process of withdrawal and exit.

PFRDA has issued a circular on October 6, 2020 regarding 'Video based Customer Identification Process (VCIP) for NPS' and has issued guidelines giving detailed process flow for implementing the facility. Central Record Keeping Agencies (CRAs) and Points of Presence (PoPs) registered with PFRDA have been advised to build an online platform for the same at the earliest.

PFRDA, in its endeavour to make the NPS subscriber registration, the exit process and processing other service requests seamless and subscriber friendly has been constantly introducing new methods of subscriber authentication such as OTP/ eSign based on boarding, Offline Aadhar based on boarding, third party reliance for KYC, e-nomination, e – exit for eNPS Subscribers etc.

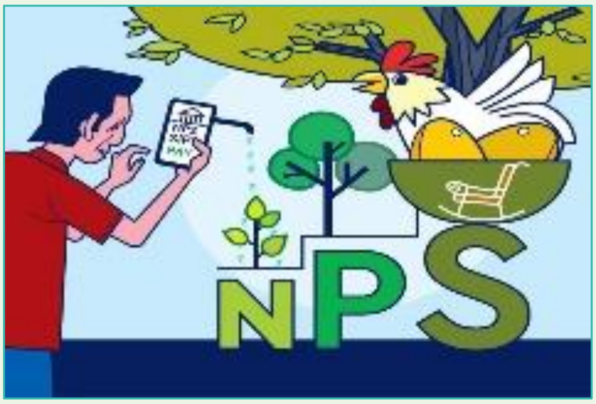
In order to ensure that the intermediaries are not additionally burdened for introducing this facility, the intermediaries which apart from being registered with PFRDA, are registered with other Financial Sector Regulators also, are allowed to follow the VCIP guidelines issued by those regulators for performing for NPS related activities also. However, the intermediaries which are solely registered and regulated by PFRDA will follow the guidelines issued by PFRDA for performing VCIP.

(The writer is Sunil Dhawan.)

Source

TOP

National Pension System: Now get same-day NAV on NPS contribution - Financial Express - 6th October 2020



In order to ease the process of voluntary contribution to the National Pension System and optimise returns, the pension fund regulator has launched D-Remit (Direct Remittance). Subscribers can deposit their contributions through net banking by creating a Static Virtual ID linked to their permanent retirement account number (PRAN). Subscribers will get the same day NAV if the contribution is made through this mode before 8.30 am AM, on any bank working day.

Virtual ID for contribution

The Pension Fund Regulatory and Development Authority through a circular has said that all NPS subscribers (government/non-government/all citizens) who want to make voluntary contributions through D-Remit would be required to access the CRA system and generate Virtual ID linked to their PRAN. Post-authorisation of Virtual ID, subscribers can log-in to their net banking and add Virtual ID generated as a beneficiary, with IFSC code UTIB0CCH274 to transfer the money through

NEFT/RTGS/IMPS for their voluntary contributions. For fund transfer through online banking, the subscriber should write the narration as NPS contribution for D-Remit.

The creation of virtual identification number is a one time activity and can be obtained by visiting the e-NPS link in the websites of respective Central Record Keeping Agency. The ID will be attached to the PRAN for D-Remit.

The links are
https://cra-nsdl.com/CRAOnline/VirtualIdCreation.html
https://enps.kfintech.com/dremit/prelogindremit/

The subscriber will have to give an online declaration for compliance under Prevention of Money-Laundering Act, 2002 at the time of generating the virtual ID. While generating the virtual ID, the subscriber will be sent a one-time password (OTP) to the registered mobile number for authentication. Subscribers will get SMS/e-mail alert once the virtual ID is created. There is no additional cost to an NPS subscriber to avail the facility of D-Remit by creating virtual ID.

The minimum amount that can be contributed through D-Remit is Rs 500 per transaction for both Tier I and Tier II accounts. The cut-off time for availing the benefit of same day NAV will be 8.30 am as per the revised timelines for investment by liquid mutual funds by Securities and Exchange Board of India due to Covid-19 pandemic. The contribution received after 8.30 am on T-Day will be invested on the next bank working day.

D-Remit will give the option to a subscriber to set up systematic investment through auto debit instructions in net banking by which periodical and regular contributions can be made in the NPS account. Like mutual funds, SIPs will enable a subscriber of NPS to reap the benefit of rupee cost averaging.

E-NPS, mobile app
There are various other ways to contribute to NPS such as e-NPS, mobile app or through POP-SP. Contributions through eNPS are credited to the subscriber's account on T+2 basis after receipt of clear funds from the payment gateway service provider. Once the units are credited to the subscriber's NPS account an SMS and email alert is sent.

One can visit eNPS website (https://enps.nsdl.com) and click on 'Contribution' Tab. If a subscriber is contributing through NPS account login, select 'Contribute Online' under 'Transact Online' Tab, and then he will be redirected to eNPS portal.

The subscriber will have to enter the details of his PRAN and date of birth. The subscriber will have to select the option (SMS / email) to receive the OTP to verify PRAN. After entering the contribution details, the system will calculate the total amount payable after adding applicable charges. Then the subscriber will have to select the payment gateway option, read and accept the declarations and click on 'Make Payment'.

The subscriber will be redirected to the payment gateway site where he can pay through net banking / debit card / credit card. For NPS subscribers there are five different charges such as CRA (NSDL and Karvy), POP, custodian, investment management fee, NPS Trust.

(The writer is Saikat Neogi.)

Source

TOP

Indians rush to soar up pension deposits - The Economic Times – 6th October 2020

Pension funds' assets grew more than 18% between in the September half year belying fears that job losses and pay cuts could lessen retirement contributions as people pulled out funds to meet immediate financial requirements.

Pension funds grew by Rs 76,000 crore to end the September half year at Rs 4.93 lakh crore. Corpus under the National Pension Scheme and Atal Pension Yojana grew by Rs 76,000 crore to end September at Rs 4.93 lakh crore.

"Even at a time when all other sectors are feeling the heat of the pandemic, we haven't seen the impact on pension funds, year on year we are seeing a steady growth," said Supratim Bandyopadhyay, chairman, PFRDA. "We have seen healthy AUM growth and subscriptions, people are seriously thinking about future income and stability."

The growth in pension contributions comes in as an indicator of strong propensity to save amid reports that some in the organised sector are dipping into their Employment Provident Fund Organisation to meet daily requirements. It is estimated that about 10 million people have withdrawn about Rs. 40,000 crores since the lockdown began. That was mostly from people with income of less than Rs. 15,000 a month, industry estimates show.

Assets under management in the National Pension Scheme and Atal Pension Yojana was Rs 3.18 lakh crore in March. New subscribers also grew totalling 3.72 crore. Bulk of the pension contribution came in from the central and state government category.

PFRDA regulates the National Pension System and the Atal Pension Yojana. NPS is subscribed by central and state government employees, autonomous bodies as well as by employees of corporate and unorganised sector. While APY is for the employees working in the unorganised sector.

The regulator is also likely to get new fund managers to manage the assets. The finance ministry had released draft FDI for the pension sector in July after which it was open for stakeholder suggestions for a month. The ministry is likely to release final guidelines soon after which the regulator is preparing to issue request for proposal (RFP) to onboard new pension fund managers (PFM). Currently the entire corpus is handled by seven PFMs.

"The board wanted a committee to look at the charges you know presently PFMs charge a fee which is as little as 1 paise, we have to look their revenue structure as well so it becomes reasonable at the same time the customers should also not suffer," said Bandyopadhyay.

"The committee is discussing the report should be out in the next 15-20 days, after which it will be put up to the board for approval. RFPs should be out by December. We want only serious players with good track record to come in because the safety of the corpus is paramount."

(The writer is Saloni Shukla.)

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Source

PFRDA to engage consultancy for separating NPS Trust, structuring - Business Standard – 4th October 2020

The Pension Fund Regulatory and Development Authority (PFRDA) will engage a consultancy that will make suggestions for its organisational structuring as it seeks to segregate the NPS Trust.

In the Union Budget for 2019-20, the government had proposed to separate the NPS Trust from the pension regulator in order to address issues over conflict of interest.

Keeping in view the wider interest of the subscribers and to maintain arm's length relationship of the NPS Trust with the PFRDA, steps will be taken to separate the NPS Trust from the authority with appropriate organisational structure, Finance Minister Nirmala Sitharaman had said.

The PFRDA undertook organisational restructuring in 2017, however, the changing regulatory requirements and proposed changes in the legal framework governing the functions of the authority, it is important to re-assess the organisational structure, the pension fund regulator said while inviting Expression of Interest (EoI) for hiring a professional consultancy firm.

It is important to strengthen PFRDA's capabilities to meet the challenges in the regulatory domain, trends and preparedness to face the future challenges, it added.

"It is, in this context, PFRDA desires to engage a professional business/ strategic management consultant to study, examine and make appropriate recommendations in the areas of organisational structure, segregation of roles and responsibilities of NPS Trust, human resources and technological requirements," PFRDA said.

The consultant among others will have to identify the specific areas for studying the inter-linkages between PFRDA and NPS Trust with regard to their roles and responsibilities, it added. The NPS Trust takes care of the assets and funds under the National Pension System (NPS) in the interest of the subscribers. The consultant is expected to deliver a detailed report according to the objectives and scope of the study, as per terms of reference within stipulated time, PFRDA said.

It is expected that the study is complete within two months. However, in case of the contingency of major changes happening in the external environment of laws, regulations, etc., which may have the effect of altering or making irrelevant the conclusions/findings, PFRDA may consider an extension of project period, it said further.

The pension fund regulator said that formation of consortium or association of consultants and engaging of sub-consultants is not allowed, however, it reserves the right to allow the same if the circumstances require so. PFRDA regulates the National Pension System (NPS) and the Atal Pension Yojana (APY).

NPS is subscribed by central and state government employees, autonomous bodies as well as by employees of private/corporate and unorganised sector organisations. While APY is mainly for the employees working in the unorganised sector.

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Source

PFRDA coffers fill up amid Covid pandemic – The Times of India – 2nd October 2020

Apart from an economic downturn, the Covid-19 pandemic has also triggered an upsurge in new enrolments, along with contributions towards various schemes administered by India's pension fund regulator.

The rush of new subscribers and their contribution towards schemes such as the National Pension System (NPS) and the Atal Pension Yojana (APY) have augmented the overall Assets Under Management of the Pension Fund Regulatory and Development Authority (PFRDA).

From March till September 26, there was an almost 18 percent growth in the AUM.

"We see a definite growth pattern in the number of new subscribers. This has risen to about 16 percent growth. As far as the contribution flow is concerned, we have witnessed contributions growing anything between 20 to 25 percent," PFRDA Chairman Supratim Bandyopadhyay said.

"This means that new subscriber numbers are growing, the contributions from them, as well as the existing members are growing. So at least, this pandemic has not brought it down."

According to Bandyopadhyay, the rise in new enrolments, especially from the corporate side, has been triggered in part due to the pandemic which has led to the realisation for sound savings and better options for future financial security.

"The pandemic and the uncertainty associated with it has given rise to this thought, thereby many decided to create assets for their future."

Besides, he pointed out that more corporates are providing options to their employees to enrol in the NPS. "They (corporates) are shifting their superannuation funds. This is a very strong trend that we have seen over the last five to six months," he elaborated.

"Beyond the June, July, we have seen a lot of growth, but our sector, pensions especially, is at a very nascent stage. So more than pent-up demand, maybe newer customers are getting attracted towards our products."

Furthermore, the regulator is planning to come out with a RFP to on-board fund manager with a revised fee structure.

At present, the PFRDA has seven fund managers. "We want to bring in new talent and we are also giving them not only a fund management license, but if they wish, they can take another license for distribution. So, now they can have two verticals," he said.

"Currently, four of our fund managers have the POP (Point of Presence) - distributors of NPS. Two of them are doing very well. We feel that the fund managers are in a better position to explain the details of the product, much better than others."

In terms of the market movements, he cited that valuations are a little higher for some sectors. "But, if you see the banking and financial services have not performed at all. So I, this is a time when we see the banking and financial sector will come back in full steam," he said.

As on September 30, the total number of subscribers under the NPS and the Atal Pension Yojana has crossed 3.73 crore and the AUM has grown to Rs 493,642 crore.

More than 70.20 lakh government employees have been enrolled under the NPS and 24 lakh subscribers have subscribed to the NPS in the private sector with 7,984 entities registered as corporates.

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IRDAI CIRCULARS

List of Valid Insurance Brokers as on 09th October, 2020 is available on IRDAI website.

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IRDAI issued New Business Statement of Life Insurers for the Period ended 30th September, 2020.

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Report of the Committee for development of a concept paper on standalone Micro Insurance Companies is available on IRDAI website.

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IRDAI issued circular regarding additional norms on portability under health insurance policies to all general and health insurance companies (except ECGC and AIC).

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List of Web Aggregators is available on IRDAI website.

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List of insurance marketing firms is available on irdai website.

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GLOBAL NEWS

Global: IFRS 17 is a major challenge for reinsurers – Asia Insurance Review

With the approaching implementation of International Financial Reporting Standards (IFRS) 17, and the race to get balance sheets in order, reinsurers have much to consider, says S&P Global Ratings.

Reinsurers, and primary insurers, should brace themselves for hurdles in the transition to International Financial Reporting Standards (IFRS) 17, says the international credit rating agency in a report titled "Reinsurers And IFRS 17: Getting Balance Sheets Ready And On Time."

The implementation of IFRS 17, effective as of 1 January 2023, requires insurers and reinsurers globally, excluding those based in the US, to restate their balance-sheet comparatives with new key metrics.

In June 2020, the International Accounting Standards Board published its final amendments to IFRS 17, addressing issues for primary insurers regarding their purchase of reinsurance. These amendments dissolved some significant accounting mismatches between market value assets and book value liabilities, which would have created risks for reinsurers.

Despite this improvement, S&P believes the transition to IFRS 17 is a major challenge for reinsurers and users of their financial reporting. Reinsurers are likely to be up against technical accounting challenges. They will also have to develop new key performance indicators (KPIs) and bring important stakeholders, both internal and external, up to speed.

Not ready for IFRS 17

In S&P's view, the accounting and risk management systems of reinsurers—as well as of primary insurers—are far from being IFRS 17 ready.

Although S&P expects pending updates to GAAP will somewhat improve the comparability between those standards and IFRS 17, differences will remain.

The new KPIs could affect reinsurers' risk appetite and bring about shifts in business and financial strategies that could, in the long term, have a ratings impact.

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