Insurance Institute of India
C – 46, G Block, Bandra-Kurla Complex, Mumbai – 400051

INSUNEWS

- Weekly e-Newsletter

29th Sept – 5th Oct 2018

• Quote for the Week •

Start by doing what's necessary; then do what's possible; and suddenly you are doing the impossible."

Francis of Assisi

INSIDE THE ISSUE

Insurance Industry

Festival season cheers up insurers - The Hindu Business Line – 3rd October 2018

With festivals such as Durga Puja, Ganesh Puja and Dahi Handi during Janmashtami becoming bigger and grander, the demand for insurance to cover possible risks such as loss of life and property is on the rise.

According to industry sources, there has been a 20 per cent growth in the number of policies sold and the average sum insured for such festivals.

"The amount of money being spent on such festivals has seen a surge in the last two to three years. Moreover, most of these big pujas are now being handled by professional event managers who want to ensure that possible loopholes are plugged. We have witnessed a definite rise in the number of policies sold and sum insured," Sasikumar Adidamu, Chief Technical Officer, Bajaj Allianz General Insurance, told *Business Line*.

Rising spend

While one of the Ganesh Pujas in Mumbai entailed an investment of over Rs 50-75 crore this year, the average spend on a big-ticket Durga Puja in Kolkata could range between Rs 50-70 lakh, sources said.

Festivals are generally covered under event insurance, which also insures sports and other commercial events such as fashion shows and musical events. Such cover protects organisers and their crew members against financial liabilities arising out of damages during an event or due to its cancellation. It also offers coverage for public liability and personal accidents. These apart, organisers can also take additional cover against natural calamities, terrorism and non-appearance of artists.

The average premium for an event of about Rs 1 crore would range from Rs 30,000-35,000.

Major Durga Puja organisers in Kolkata such as Ekdalia Evergreen, Samaj Sebi and Singhi Park said that they have been taking covers for the last few years. They, however, did not divulge the premium paid or the sum insured.

Geographical spread

The geographical spread of these Pujas are growing. Earlier, while Kolkata was known for its Durga Puja and Mumbai for Ganesha Puja, now there are several big-ticket Durga Pujas being organised in Mumbai, and Ganesh Pujas are picking up in West Bengal. This apart, a number of places such as Hyderabad and Bengaluru, which were earlier not too much into such festivities, are also witnessing a steady traction.

"Enquiries are on the rise even from places like Hyderabad for event insurance. Even Ram Leela, organised in the northern States, could also be subject to future enquiries," said Subramanyam Brahmajosyula, Head - Underwriting and Reinsurance, SBI General.

According to Brahmajosyula, while festival insurance is currently offered as a part of event insurance, there could be the possibility of standalone offerings to meet the specific requirement of organisers.

SBI General is working on the kind of coverage required and the pricing for such a short-period product.

"We may come up with something in the next one to two years on receiving necessary regulatory approvals," he said.

Source

Government considering 100 per cent FDI in insurance broking - Financial Express – 2nd October 2018

The government is mulling permitting 100 per cent foreign direct investment (FDI) in insurance broking to give a boost to the sector, sources said. The FDI policy, at present, allows 49 per cent foreign investment in the insurance sector that encompasses insurance broking, insurance companies, third party administrators, surveyors and loss assessors as defined by the Department of Industrial Policy and Promotion (DIPP).

The DIPP is an arm of the commerce and industry ministry which deals with FDI related matters and promoting ease of doing business in the country. Representations have been made to the government time and again on the issue that insurance brokers should be treated at par with other financial services intermediaries, where 100 per cent FDI is permitted.

"Insurance broking is like any other financial or commodity broking services. The issue was recently discussed in a high level inter-ministerial meeting. The government is positively looking at the matter," sources said. The official, however, clarified that the FDI cap for insurance companies would remain at 49 per cent.

The finance minister has recently held meeting on the subject and the Prime Minister's Office too has sought views of the DIPP on the matter. Industry experts have stated that the insurance sector is being impacted due to weak distribution networks. There is a need to strengthen the distribution network to support the sector as a whole. Insurance penetration in the country was 3.4 per cent in 2015 against the world average of 6.2 per cent.

Source

Back

Aadhar verdict: eKYC curbed; instant loan approvals, MF and insurance sales online take a hit - Financial Express – 1st October 2018

With the Supreme Court scrapping the mandatory linking of Aadhaar with bank accounts and ruling that private companies can no longer insist on Aadhaar-based authentication, fintech companies find themselves in a spot. For banks as well as fintech companies selling mutual funds, insurance, or bonds or facilitating loans, eKYC through OTP was a boon as customer verification could be done instantly thus reducing the cost of onboarding a customer. Otherwise, in the traditional KYC process, banks take copies of documents such as identity and residence proof, PAN to verify the antecedents of customers. This is more expensive and time-consuming.

Section 57 of Aadhaar Act

The Supreme Court has struck down parts of Section 57 of the Aadhaar Act disallowing private firms from authenticating people based on Aadhaar. "That portion of Section 57 of the Aadhaar Act, which enables body corporate and individuals to seek authentication is held to be unconstitutional," a five-member constitution bench headed by Chief Justice Dipak Misra said in its judgment. In fact, Section 57 refers to the use of Aadhaar data by any "body corporate or person" to establish the identity of an individual. Fintech firms such as Paytm took Aadhaar details for electronic customer verification. The court has only allowed the government to use Aadhaar for social welfare schemes.

Manav Jeet, MD and CEO of Rubique, a fintech company, says that the declaration of Section 57 as unconstitutional will compel firms to re-evaluate consumer onboarding process through e-KYC. "The court has now given the liberty to self-volunteer for linking Aadhaar Card and opt for the e-KYC process. This is an empowering decision for customers as they can now be assured of data privacy," he says.

According to him, customers will now face delays in instant loan approvals. "With physical model, the credit facilitation may take more than three days as against 10-15 minutes in online model. Also, cost of accessing credit may go up due to physical model. This burden will mostly be passed on to borrowers. Aadhaar is a crucial link to bring the last mile under formal banking ecosystem. The judgement may impact the agenda of financial inclusion as well," he says.

Similarly, Samant Sikka, co-founder, Sqrrl Fintech, says the fact that existence and validity of Aadhaar as a platform has been upheld by the Supreme Court is basically upholding the fact that we can't shoot the messenger. "The judgment is silent on the fate of the data already collected by utilities such as banks and telephone operators and some kind of a decision will have to be taken such that there is uniform practice around this," he says.

RBI's Master Direction on KYC

In December 2016, Reserve Bank of India allowed opening of deposit and borrower accounts through OTP eKYC. Through the amendment to Master Direction on KYC, it underlined that customers can complete their KYC procedure through OTP. The circular notified that banks will have to take specific consent from the customer for authentication through OTP. The aggregate balance of all the deposit accounts of the customer shall not exceed Rs 1 lakh and the aggregate of all credits in a financial year, in all the deposit accounts taken together, shall not exceed Rs 2 lakh.

Digitization a boost to lending

The digitization of the lending process through Aadhaar enabled faster disbursement of smaller loans because of lower cost of customer acquisition and quick credit assessment. A report by Morgan Stanley says that Aadhaar and the associated eKYC measure has cut the cost of opening a deposit account by 90%. In F18, eKYC-based verifications rose to 138 million as compared to 48 million in FY17. Reduction in the cost of opening accounts helped banks to expand their networks.

At present, there is a lack of legal framework for collection, usage and protection of biometric data that is being collected by third-party users. With the Supreme Court's verdict, a legal framework on data protection becomes pertinent.

Source

Back

Aadhaar: Most insurers awaiting IRDAI guidance after Supreme Court ruling - The Hindu Business Line – 28th September 2018

A majority of private insurers — life, general and standalone health — have decided to wait for IRDAI's guidance on the implementation of the Supreme Court's recent Aadhaar ruling as regards the insurance industry.

This is even as several top players including HDFC Life have stopped making submission of Aadhaar mandatory for new customers.

"IRDAI has, through its AML Master Circular, provided a list of acceptable Officially Valid Documents, which we were accepting even before the Supreme Court's order and shall continue doing so," an HDFC Life spokesperson told Business Line.

Handling data

Several insurers said that clarity is required from the regulator on the ticklish issue of purging of Aadhaar-based authentication data already collected and available with the companies.

There is need for a call on whether companies would be allowed to voluntarily destroy data available with them or would have to wait until a customer demands its removal, they said.

Some insurers even felt that the jury is still out on whether or not the insurance industry fell under the controversial Section 57 of the Aadhaar Act, 2016.

It may be recalled that the Supreme Court had on Wednesday struck down parts of Section 57 of the Aadhaar Act, thereby disallowing private agencies from authenticating people based on Aadhaar. While upholding Aadhaar's constitutional validity, the SC ruling specifically mentioned that Aadhaar is not mandatory for opening a bank account or getting a mobile connection. However, there was no specific reference about private insurers and therefore IRDAI guidance is required on this, said the chief executive of an insurance company who sought anonymity.

All eyes on IRDAI

Tapan Singhel, Managing Director & CEO, Bajaj Allianz General Insurance Company, told *Business Line* that the Supreme Court judgment on Aadhaar is a progressive one. "However, further clarity is awaited from the IRDAI on the implementation of the same in the insurance industry."

This judgment has retained the requirement of Aadhaar linking for government schemes, which will be beneficial for all the stakeholders, he said.

Antony Jacob, Chief Executive Officer, Apollo Munich Health Insurance, said it will await IRDAI guidance on the implementation of the SC ruling on Aadhaar.

Animesh Das, Head of Product Strategy, Acko General Insurance, an online player, said the company will wait for IRDAI's view on asking for Aadhaar number from new customers and whether the data available with the company needs to be destroyed. "Ideally, we may take a call to purge the data voluntarily for customers' comfort," he said.

An HDFC Life spokesperson said the company, based on the SC ruling and other clarificatory directives expected from the Government and the IRDAI, will take all necessary steps to ensure compliance with the statutory and regulatory provisions related to storage of Aadhaar-related information.

Source

Back

Insurance Regulation

Irdai to move to risk-based assessment for insurers, intermediaries – Financial Express – 4th October 2018

Insurance regulator Irdai Thursday said it will move to a risk-based supervisory framework in view of significant rise in insurance firms and their intermediaries and a structured approach is needed to asses various risks and ensure financial soundness. The Insurance Regulatory & Development Authority of India (Irdai) is in the process of adopting 'Risk Based Supervisory Framework' (RBS or RBSF) for holistic supervision of insurance sector in India, it said in a circular to all insurers.

For this, Irdai will develop an overall plan by undertaking a review of the current regulatory and supervisory regime. A framework will be prepared for holistic supervision by incorporating assessment mechanism into insurance supervision. To begin with, Irdai said it will primarily focus on compliance based approach for supervision as over the past two decades, the number of insurance entities to be supervised have increased manifold.

To supervise on compliance approach would need the same yardstick to be applied to all regulated entities regardless of its size, business model and nature of significant activities, Irdai said. "Instead, under RBS, each regulated entity will be assessed based on its 'risk profile' and the overall risk it carries. This will enable the Authority to focus more on entities posing higher risk relative to others. To that extent, the Authority will also be in a position to use its resources efficiently and achieve effective supervision," Irdai said.

Entailing the benefits of moving towards RBS framework, Irdai said it will lead to a structured approach to help assess various risks, both internal to the entity and external environment. RBS is forward looking and outcome based with due focus on the responsibility of the board and senior management of the entities to ensure financial soundness, it said.

Besides, it will help in identification of various risks relating to market conduct and prudential aspects at an early stage so that timely regulatory intervention is possible depending upon the overall risk profile of the entity. In the recent Financial Sector Assessment Program report of 2017, the IMF and World Bank recommended Irdai to move towards a risk based supervisory approach. Irdai will roll out the RBS mechanism in a phased manner starting with insurers and their intermediaries after running a pilot project on select entities to test the efficacy and efficiency of the risk based supervision.

Source

Back

IRDAI allows distribution of all micro-insurance products via PoS - The Hindu Business Line – 30th September 2018

Insurance regulator IRDAI has allowed distribution of all micro-insurance products through point-of-sales (PoS), with an aim further increase insurance penetration in the country.

The Insurance Regulatory and Development Authority of India (IRDAI) has created a special category of insurance policies called micro-insurance policies to promote insurance coverage among economically vulnerable sections of society. A micro-insurance policy is a general or life insurance policy with a sum assured of Rs 50,000 or less.

Agreeing to the suggestions of insurance companies, IRDAI in a circular has done away with the practice of pre-fixing the word 'PoS' on life, general and health products sold through PoS. The regulator said it has received representations from insurance companies requesting to do away with the prefix 'POS' in the product name.

Insurers made representations to change the norms that made it mandatory for every policy sold through the 'Point of Sales Persons' to be separately identified and pre-fixed by the name 'POS'. IRDAI said the requirement was to identify the person involved in the sales process.

The IRDAI (Protection of Policyholder's Interest) Regulations, 2017, under the matters to be stated in life, general and health insurance policy, makes it mandatory to give the details of the person involved in the sales process. "By virtue of this requirement, the need to have the prefix 'PoS' becomes redundant as the insurance policy itself will carry the details of the person selling such a policy," the regulator said. The Authority, "hereby, discontinues requirements" of using the word 'PoS' prefixed before the PoS product name for life, general and health products.

Similarly, IRDAI said it has been observed that advantages such as higher insurance penetration, lower prices, increased choice to customers, which would otherwise accrue to the policyholder by making micro-insurance products available through POS channel are being lost. "Therefore, the Authority after reviewing the position, hereby allows all Micro Insurance products of Life, General and Health insurance to be distributed through the POS also," the circular said.

Source

On the manner of dealing with cases of health/personal accident (PA) policies where sum insured crosses the limit specified under the POS guidelines, IRDAI said the sponsoring entity is allowed to recognise such policies as being sourced by the POS and pay the fees to the POS.

Back

Worried regulator tells insurance firms to declare exposure to IL&FS - The Economic Times – 29th September 2018

Insurance companies have been asked to declare their exposure to liquidity-strapped Infrastructure Leasing & Financial Services and its group firms by the sector regulator. IL&FS has defaulted on repayments and has had its debt rating downgraded, which has in turn roiled the markets.

The Insurance Regulatory and Development Authority of India (IRDAI) has sought the details on both debt and equity exposure, said an official who didn't want to be named, to ensure policy holders are protected. "There is a concern on what will happen if the company is not able to revive," he said. Rating companies have downgraded IL&FS to default after it failed to meet recent commercial paper and debenture obligations.

This poses a problem for insurers as they cannot invest in debt paper below a certain grade. "Also, we have to see if existing investments are still under the regulatory norms given the company has been downgraded by rating agencies," said the official cited above.

India has more than 50 general and life insurance companies. The IL&FS group has a total debt obligation of over Rs 90,000 crore, of which bank loans account for Rs 57,000 crore, mostly from state-run lenders.

LIC held a 25.34% stake in the company at the end of March. The second-largest shareholder, Orix Corporation of Japan, owned 23.5%. Among other government-owned entities, State Bank of India and Central Bank of India held 6.42% and 7.67%, respectively.

NO DIRECTION YET TO PULL OUT OF IL&FS

Another senior government official said the regulator is concerned about the safety of insurance policy holders and wants an early assessment to prevent any contagion risk. "Right now, there is no direction to insurers to pull investment out of IL&FS," he said.

IRDAI did not reply to queries. Chairman Subhash Khuntia did not respond to text messages or calls. On Thursday, listed group unit IL&FS Financial Services said it had defaulted on seven fresh payment obligations worth Rs 395.46 crore.

The defaults related to five bank loans (including interest) totaling Rs 239.50 crore, term deposit obligations of Rs 103.53 crore and short-term deposits worth Rs 52.43 crore, IL&FS has told the stock exchanges.

GOVT MONITORING SITUATION

The government said it is monitoring the situation on IL&FS and would take appropriate measures. "IL&FS is a large company. It's in the infrastructure space. It has lot of connections with the government departments. It does lot of PPP (public-private partnership) projects and therefore it's an important entity," said Subhash

Source

Chandra Garg, secretary in the department of economic affairs. "The government would take appropriate measures to see that there is no undue impact of what happens in IL&FS, and find an appropriate solution," he said.

Back

Life Insurance

Want to surrender your life insurance policy? Here's a guide - The Economic Times – 1st October 2018

If you surrender traditional plans and invest the premium in equity funds, you will earn more despite the loss of premiums paid. Suppose a 30-year-old buys four 20-year endowment plans with covers of Rs 3 lakh each, paying a combined annual premium of Rs 60,000.

In both the cases, where he loses the entire premium and where he gets a surrender value, he will earn a higher sum by investing in equity for the remaining duration.

Case A: If you surrender before 3 years, say, after paying premium for two years
Premium loss: **Rs 1.2 lakh**
Maturity amount received if policy carried to full term @ 6%: **Rs 20.29 lakh**
If you invest Rs 60,000 in an equity fund @12% for 18 years: **Rs 35.25 lakh**
Earning in 18 years despite premium loss: **Rs 34.04 lakh**

Case B: If you surrender after paying premium for 5 years
Premium loss: Total premium paid(Rs 3.6 lakh) minus Surrender value*(Rs 52,000) = **Rs 3.08 lakh**
Maturity amount received if policy carried to full term @ 6%: **Rs 20.29 lakh**
If you invest Rs 60,000 in an equity fund @12% for 15 years: **Rs 23.57 lakh**
Earning in 15 years despite premium loss: **Rs 20.49 lakh**
**Actual surrender value can vary marginally.*

If you are confused about what will happen on surrendering, go through these questions:
What's surrender value?
In case of life insurance, if you surrender a policy before the completion of its full term, you could get back a portion of the money you paid as premium, after deducting charges. This money is surrender value.

Do I get surrender value in all life policies?
No, surrender value accrues only in policies that have a saving or investment component, besides insurance. So, pure term plans will not acquire any surrender value, while traditional plans like endowment and moneyback, as well as Ulips, will.

Does surrender value accrue if I stop paying the premium?
No. You will get a portion of your money only if you have paid consecutive premiums for two years (if premium paying term is less than 10 years), and three years (if premium paying term is more than 10 years). If you surrender before this, you do not get back any money.

Can I stop paying the premium but continue with insurance?
Yes, you can convert the plan into a paid-up policy, but only after paying the premium for 2/3 years. So you stop the premiums but the cover continues till maturity. The cover size will be reduced and will be proportional to the premiums paid. This sum assured is called the paid-up value. It is calculated using the following formula:

Paid up value = Original sum assured x (No. of premiums paid / No. of premiums payable)

How much money will I get back in traditional plans?
If you have paid premiums for 2/3 years, there are two types of surrender values that accrue.
a) Guaranteed surrender value: You are guaranteed a fixed percentage of premiums paid depending on when you surrender.
If you close after 2/3 years, you will be ensured 30% of premiums paid.
If you close between 4 and 7 years, you will get 50% of premiums paid.
If you surrender in the last two policy years, you can get up to 90% of premiums.

b) Special surrender value: This surrender value depends on the sum assured, bonuses, policy term and premiums paid. It can be calculated by using the following formula:
Special surrender value = (Paid-up value + bonus) x Surrender value factor*
**Surrender value factor is a percentage of paid-up value plus bonus.*

How much money will I get back in Ulips?
Before lock-in period: If you stop paying the premium before five years, the policy will lapse. After deducting some charges the remaining fund value will move to Discontinuance Fund, where it will earn 3.5% till five years, when you get the total amount.

The discontinuance charges range from a high of Rs 6,000 if closed in the first year to Rs 2,000 if discontinued in the fourth year, and nil after this. A fund management charge is also levied, which cannot exceed 0.5% of the fund value per annum.

Source

After lock-in period: No charges are levied and you can get back the fund value.

Back

General Insurance

Maharashtra realtors body raises concern over escalation in housing prices due to land title insurance – The Times of India – 30th September 2018

With the state to introduce land title insurance, the developers community in Maharashtra while welcoming the move has appealed to the government to consider all aspects before making actual move as it is bound to escalate the prices in the realty sector.

Section 16 of the RERA Act necessitates developers to adopt title insurance, however, it will be mandatory after the regulator of each State notifies it.

CREDAI-Maharashtra president Shantilal Kataria has expressed hope that the companies offering sub-par product and claims services would not create monopolies within the insurance industry domain.

"CREDAI is sure that government will take a holistic view and ensure the section is not notified merely because of the availability of land title insurance product in the market will weigh that the very purpose of the mandate is not lost," stated Kataria.

While CREDAI members feel that RERA is a forward looking legislation with a very proactive regulatory body, however the framework for the land titles is still nascent within the country.

Government is the keeper of records having multiplicity of entities handling land records and all of them are working in silos. This is one of the main reasons for genesis for title disputes and this needs to be ironed out, the members said.

The CREDAI-Maharashtra has pointed out that insurance companies have hurried to the market with title insurance products, which emulate the products available overseas. However, in India, land is not only one of the most litigating and controversial subject but is linked to personal laws and other rights and rituals, hence land title is not conclusive.

These current products for title insurance introduced in the market are unable to address that very basic need. The exclusions will render maximum number of claims rejected.

The additional cost burden will severely affect pricing for developers creating affordable homes. For an apartment sold under 15 lakhs, current title Insurance policy adds a cost burden of Rs 40,000 to Rs 1,50,000 per apartment, it said.

CREDAI further adds that digitization of land, starting from the original owner to the present status of land, including an image of the property and the landowner for identification purposes, will reveal the total area of land owned by a person.

Source

Unless the insurance product and its claims process is robust, the primary reason of consumer protection via a title Insurance is entirely lost besides the hard earned money spent on premiums, he warns.

Health Insurance

Ayushman Bharat: 23,287 claims worth Rs 38 crore approved in first ten days - The Hindu Business Line – 2nd October 2018

Ten days into its launch, the country's most-ambitious health program, Pradhan Mantri Jan Arogya Yojana – also known as Ayushman Bharat – has catered to more than 30,000 patients, with claims of Rs 38.1 crore approved by the government in both public and private hospitals.

Claims approved

Up to 23,299 claims worth Rs 45 crore have been submitted, of which 23,287 claims have been approved as on October 2.

Official data show that the average claim size per patient is Rs 19,357.

As on date, 32,814 hospitals have applied for empanelment, of which 13,865 have been empanelled or are in the process of being empanelled. On October 1, Dinesh Arora, Deputy CEO of Ayushman Bharat, tweeted about a 67-year-old lady from Diglipur in North Andaman Islands, who was wheeled into government-run Govind Ballabh Pant Hospital at Port Blair with heavy bleeding.

She was diagnosed with cervix cancer. Sadly, people on the island, have no access to radiotherapy.

"She was flown into private-run MIOT hospital in Chennai and treated. Transportation costs were covered under the scheme," said Arora.

However, 51-year-old labourer Prahlad Kumar, who had to travel 120 kilometers to non-profit Jan Swasthya Sahyog hospital in Bilaspur district of Chattisgarh, from neighbouring Kabirdham district, to seek treatment for stomach cancer, appears doubtful.

"I wonder if I will get the benefit of Ayushman Bharat for cancer treatment. We have very little money. Nobody in my village approached me to tell me about the new scheme," said Prahlad.

No Ayush Mitra

Sushil Patil, medical coordinator at the hospital, informed *Business Line* that an 'Ayush Mitra' has not yet been appointed in the hospital by the government, despite the hospital being empanelled in the scheme.

"We are also facing issues logging into the scheme portal. We have prepared claims for close to 20 cancer patients who are waiting to be reimbursed, but we are facing hiccups with the scheme.

"Considering that the Chief Minister's Health Scheme and previously-run Rashtriya Swasthya Bima Yojana have been discontinued and Ayushman Bharat is yet to start, the transition is not smooth and patients are left in the lurch," said Patil.

Indu Bhushan, CEO of Ayushman Bharat, said: "We will ensure that the roll-out starts at the earliest in Jan Swasthya Sahyog. They are an important partner for us."

Non-BJP States resist

While 31 States and Union Territories are on board, five States, all of which are not run by the BJP, are resisting from participating in the scheme, including Delhi (Aam Aadmi Party), Odisha (Biju Janta Dal), Punjab (Congress), Kerala (Left Democratic Front) and Telangana (Telangana Rashtra Samithi).

Kerala, which was massively affected by the recent floods, is refusing to join unless it gets more clarity on the scheme.

B Ekbal, Member, Kerala State Planning Board, said that the State had appointed a five-member committee to negotiate with the Central government.

"If the Ayushman Bharat is to be implemented, then the number of beneficiaries will come down from 41 lakh as they exist in Rashtriya Swasthya Bima Yojana (RSBY) at 21.5 lakh.

"We currently give treatment under 1,785 disease packages, but in Ayushman, there are only 1,350 packages. There is no clear indication towards the premium to be paid by the Central government. Whatever it is, this will result in a tremendous burden for the State government," said Ekbal.

Source

Insurance firms mull standalone cover for heart-related ailments - The Hindu Business Line – 1st October 2018

Rising claims and increasing awareness among consumers about heart-related ailments are likely to prompt insurance companies to look at standalone offerings in the segment.

According to Vaidyanathan Ramani, Head, Product and Innovation, Policybazaar.com, a couple of insurance companies are building standalone products to cover heart-related ailments, and these are likely to be available in the market in the next one year.

Lifestyle conditions

On an annual basis, there has been a 9-10 per cent rise in the number of claims related to heart ailments over the past five years, industry sources said. The rise is primarily attributed to the increasing prevalence of lifestyle conditions such as diabetes, hypertension and obesity.

The claims are much higher at around 25-30 per cent in value terms due to the high costs involved in such treatments.

"Most people buy health insurance to address two major fears – cardio vascular and cancer. But there are practically no products that cater to heart-related ailments on a standalone basis at present," Ramani told *BusinessLine*.

Having such standalone offerings would help insurers offer a higher sum insured for the particular disease at a comparatively lower price against a comprehensive health insurance policy, he added.

"Bajaj Allianz General Insurance has been witnessing a steady rise in requests for higher sum insured from existing as well as new customers to cover such ailments," said Bhaskar Nerurkar, Head – Health Administration Team.

"Awareness is increasing, people are looking for higher sum insured, and also specific products covering this disease," he said.

The highest number of claims are from people in the age group of 56-65 years, but even those in the age groups of 36 to 45 years and 46 to 55 years are seeing a sharp increase in heart-related ailments.

"Factors such as sedentary lifestyle, stress, and poor food habits are leading to rising instances of heart diseases among the youth. In fact, heart ailment is claiming around 17.3 million lives each year and the numbers continue to escalate," said Dilip Kumar Cardio Consultant (Interventional) & Electrophysiologist, Medica Super specialty Hospital.

However, according to Subramanyam Brahmajosyula, Head - Underwriting and Reinsurance, SBI General, there might not be an immediate need for a specific cover for such diseases. "Rather than a specialised product, it is better to increase the sum insured on a comprehensive policy for an enhanced coverage," he said.

Source

Back

Pradhan Mantri Jan Arogya Yojana: About 25 lakh could benefit by March-end, says Ayushman Bharat CEO Indu Bhushan - Financial Express – 29th September 2018

Hospitalisation under the recently-launched Pradhan Mantri Jan Arogya Yojana (PM-JAY) will be 1 lakh/day as the scheme stabilises and the annual cost will double to over Rs 20,000 crore, Ayushman Bharat CEO Indu Bhushan said on Friday.

After the PM-JAY launch on September 23, about 20,000 people have taken free-of-cost hospitalisation benefit, most of whom are from Chhattisgarh.

The average hospitalisation is about 4,000 per day after the scheme was rolled out on September 23. Bhushan said about 25 lakh could benefit from free hospitalisation by the end of March 2019.

Hospitalisation rate would further rise to 1 lakh/day when beneficiaries from under-served states Uttar Pradesh, Bihar and Madhya Pradesh, which account for one-third of India's population, fully access the scheme.

Speaking at Indian Express Group's Idea Exchange program, Bhushan said: "I am very sure that there will be explosion of demand (for the scheme)". He noted that the NSSO data indicated an inverse correlation between

health and the proportion of people who are ailing. "For instance, the healthy states where infant mortality rate is very low and all the health indicators are good, proportion of people who claim to be sick are high. This is obviously because people are more aware and are indeed reporting sickness. Conversely, in states where infant mortality is high you will find report of sickness low," he said. The official expects PM-JAY would trigger the latent demand for sickness reporting and hospitalisation.

According to sources, the Centre and states will likely cap their combined annual premium outgo for the ambitious scheme at around Rs 1,110/family. Under the scheme, Rs 5-lakh-a-year free health cover is proposed to be given to10.7 crore households, or about 50 crore people. The annual premium cost, now seen at around Rs 11,000 crore, will be shared in a 6:4 ratio between the Centre and states. The cost of the scheme would be much lower in FY19, as half of the year is over and some populous northern states implementing such a scheme for the first time would take time to fully it roll out.

Development economist and activist Jean Dreze recently said that Modicare will cost Rs 50,000 crore annually if the beneficiaries utilise an average 1% of their `5 lakh cover in a year. He said the cost could be double if the scheme makes it reasonably easy for people to claim the insurance money.

"The bottom 20% of India's population has a hospitalisation ratio of 2% now, which is 1 crore (of the 50 crore covered under PM-JAY) need hospitalisation in a year. With hospitalisation expenses at Rs 8,000-10,000 per person, the cost will be a little over Rs10,000 crore/annum," Bhushan said responding to Dreze's estimate. He said his estimates are in line with the outcome of the study of the healthcare-seeking behavior and what has been the average premium discovered through bidding by some states.

"Of course, as the scheme becomes more mainstream and deeper, we expect that hospitalisation will increase from 2% to 3% or 4%. With 4%, the cost will go to Rs20,000 crore annually," the official said. Of 31 states which are on board for the scheme, 18 are under trust model with costs covered by the Centre and states from the corpus created from the contribution by the Centre and states. Only seven are under the insurance mode, while six are under a hybrid model where part of the cover is under the insurance model and the rest under the trust model. "Most states were impressed by the trust models of Andhra Pradesh and Telangana and chose the trust model as it is more flexible than the insurance model," Bhushan said.

However, the bid for Chhattisgarh's "hybrid" model was won by Religare Health, which put in a bid of Rs 1,100 per family for just a Rs 50,000 cover. Bhushan said this was due to a high hospitalisation ratio as people in the state were used to a similar scheme earlier. This ratio, however, would be one-third of Chhattisgarh's in populous UP, MP and Bihar.

Source

Back

How an employee can migrate from group to individual health insurance policy - The Economic Times – 28th September 2018

A group health insurance policy is always a popular option among salaried individuals. This is mainly because the entire premium towards it is paid by the employer, which most employers do.

However, on leaving the job, many wonder if the benefit of the group cover can be rolled over to an individual policy?

This can be done as per the health insurance rules. It states that an employee can migrate to an individual health insurance policy thereby transferring the benefits of any waiting period availed as a member of the group policy. It holds true for members of any group insurance cover.

"As per the Health Regulations 2016, portability guidelines, Individual members, including the family members covered under any group health insurance policy of a general insurer or health insurer shall have the right to migrate from such a group policy to an individual health insurance policy or a family floater policy with the same insurer. Thereafter, the insured has the right to avail portability with any other insurer."

Here is how you can switch from a group insurance policy to an individual one.

What a group policy covers

A group cover has almost the same set of inclusions and exclusions as that of an individual health insurance policy. Only one master policy will be issued to the manager (employer) of the group and will be in the name of

the group. Individual employees get only the ID cards with the coverage details. The coverage is for a period of one year after which it has to be renewed with the same insurer or bought afresh from another insurer.

Employees get an option to include their family members such as spouse, children and even parents. New additions can be made during the year but only for adding spouse or children. The modalities of the coverage may differ across employers but in most cases the premium is paid by the employer.

Period of coverage

Till the time the employee exists in the employer's list, the coverage continues. But, remember, if the employee who is the primary insured ceases to be an employee, then the cover under the policy for the member and dependents will also immediately and automatically cease.

Migration from group cover

An employee about to leave an organisation has the right to migrate from a group cover to an individual or a family floater health insurance plan of the same insurer. Thereafter, the insured may even port to another insurer. To establish the evidence for continuance of group coverage with the employer to the insurer, Shreeraj Deshpande, Head, Health insurance, Future Generali India Insurance informs that, "The details of policy and health card of the person shall be required to ascertain the details of the cover of the member under the group policy."

Benefit of migration

Even though health insurance policies have certain waiting period, migrating from a group cover will not bereft one of the benefits. As per the rules, individual members shall be given credit based on the number of years of continuous insurance coverage.

For group health insurance policies, individual members will be given credit based on the number of years of continuous insurance coverage. For calculation of waiting periods including that for pre-existing diseases under the new individual policy, the time spent by primary insured and his dependents under this policy has to be taken into account.

Process of migrating from group to individual cover

Initiate the process of migrating from group to individual cover by intimating the group insurance company. Deshpande informs, "A policy holder desirous to port from the group health insurance policy to the individual health insurance policy shall apply to the same insurer well in advance at least 30 days prior to the last employment date."

If one hasn't, he or she still has time till 5 days of leaving the employment. The rules require the insured employee to intimate the insurer prior to leaving the employer or within 5 days of the date of cessation of group membership, to issue a new retail health insurance policy to himself and his dependents (who were named as insured persons in the schedule) for cover up to his sum insured under the policy, on payment of premium in full for the new policy.

The issue of the new retail policy shall be subject to insurer's underwriting requirements, as prevailing at the time of issuance of the retail policy. One may have to provide some additional information before issuing a new policy. For this certain documents need to be submitted to the insurer. "When applying for portability, complete documents such as proposal form, portability form, copy of the resignation or retirement letter, stating the last date of employment which is signed and stamped by the authorized person of the corporate are required," says Deshpande.

What you should do

In addition to the group cover, having an individual policy always helps. Even though the migration is allowed, there could be health concerns and the fresh medical underwriting may pose problems. For those who want to increase the amount of coverage may consider migration, the premium of which will depend on the new insurer post underwriting of the policy.

"The premium for the Individual policy shall be as per the filed brochure rates of the respective product," says Deshpande Once migrated, make sure to check that the policy document carries the credit of waiting-periods from the group cover or not. Thereafter, one may port to a different insurer anytime around 45 days before the next renewal date.

Source

Motor Insurance

Insurance, safety norms may be a drag on 2-wheeler companies - The Economic Times – 3rd October 2018

Institutional investors could reduce their portfolio weights on two-wheelers stocks — Hero MotoCorpNSE -0.82 %, Bajaj Auto, TVS MotorNSE -4.45 %, and EicherNSE -3.27 % Motor — because of the rising cost of ownership, which could trim projected volume growth over the next two years.

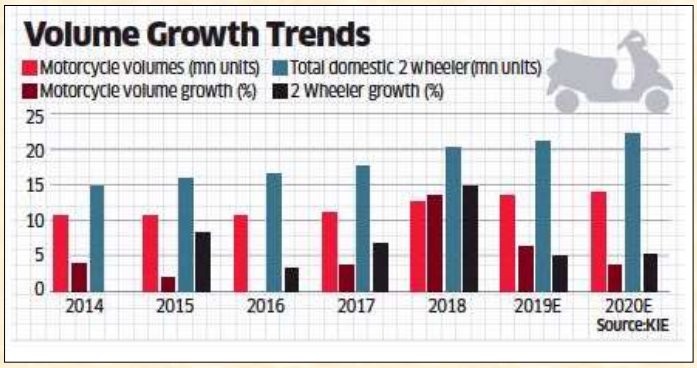
The cost of ownership takes into account the annual expenses a biker makes on a vehicle. The components include costs related to fuel, insurance, financing and maintenance.

The weight of auto stocks in the portfolios of FPIs and domestic mutual funds stood at 8.9 per cent and 10 per cent, respectively, at end of June 2018, compared with the weight of 9.2 per cent in the BSE 200 index. Moderation in volume growth could mean lower earnings growth, with PE premiums to long-term averages likely shrinking over time.

Projected volume growth for domestic two-wheeler companies in the current and next fiscal years could be 3-5 per cent because of the rising cost of ownership. Before August 2018, the Street was pencilling in volume growth of 9-10 per cent for domestic two-wheelers, which may come down 5-6 per cent.

The Supreme Court has mandated purchasing five-year third-party insurance and personal accident insurance for bikes, and that is the immediate trigger for higher ownership costs.

This has increased the prices of entry level bikes by Rs 3,000-4,000 per vehicle and premium bikes in the range of Rs 5,000-6,500. The increase in third-party insurance has a substantial impact on the cost of entry-level bikes, considered the most price-sensitive segment.



The M1 or entry-level segment accounts for nearly a quarter of the total bikes sold in FY18. Furthermore, petrol prices have also risen nearly 10 per cent in the past two months. Additionally, the IL&FS fiasco may leave NBFCs with less funds to finance bike purchases, particularly at the bottom end of the spectrum. About 35-40 per cent of two wheelers are financed, with NBFCs dominating this credit flow.

The cost of ownership is expected to remain elevated due to upcoming safety regulations and new emission norms to be implemented by 2020. The government has mandated providing anti-lock braking system (ABS) and combined braking system (CBS) in two wheelers from April 2019, which could raise prices by Rs 500-2,500. Similarly, vehicles must be compliant with BS-VI standards from April 2020. This could translate into another increase of at least Rs 5,000 per vehicle.

Due to these factors, the cost of ownership of two-wheelers is expected to rise 10-21 per cent between August 2018 and April 2020, compared with 2-4 per cent annually in the past ten years. This will likely have a big impact on the replacement purchase as consumers defer upgrades.

Source

Back

How to choose long-term Car insurance policy - The Economic Times – 1st October 2018

In line with the Supreme Court and Insurance Regulatory and Development Authority of India (Irdai) orders, a clutch of general insurance companies have rolled out long-term motor insurance policies. Those who have purchased their cars or two-wheelers post 1 September have to compulsorily buy three-year and five-year third party liability covers.

Companies like New India Assurance, ICICI Lombard, HDFC ERGO, Tata-AIG, Digit and Acko have started selling these products online to customers or via web aggregators. Several others are offering them through dealers who facilitate the vehicle purchase.

Irrespective of the intermediary you choose, ensure that you compare the premiums and upfront discounts online before signing up.

What's on offer

A comprehensive motor insurance package comprises a third-party liability cover, an own damage (OD) component along with add-ons like zero depreciation and engine protection. The third-party element's rates are determined by the insurance regulator.

Post Irdai's directive, general insurers were allowed to offer stand-alone third party covers, long-term motor insurance package, and a combination of bundled long-term third-party cover (three years for cars and five years for two-wheelers) and one-year own damage component.

Rates for the OD element are linked to the car model and engine capacity. And, a long-term policy, particularly for two-wheelers has several advantages. The premium rates through the period will work out to be lower than annually renewable policies. "You could say that long-term insurance premiums would be 0.9 times the annualised premiums," says Tarun Mathur, Chief Business Officer, General Insurance, Policy bazaar.

The flipside, however, is that you will lose out on the annual no-claim bonuses (NCB). For an annual cover, the NCB on renewal ranges from 20-50%. You will be eligible for NCB only after the policy tenure expires. To make up for the loss, insurers are now offering upfront discounts on long-term OD premiums.

"Customers can get dual NCB benefits in long-term. First, upfront NCB discount in price and secondly, higher NCB discount benefit as against existing NCB grid during renewal after three years. We are awaiting for the regulator's approval," says Sanjay Datta, Chief, Underwriting, Claims and Reinsurance, ICICI Lombard General Insurance. Irdai is yet to approve NCB standardisation akin to the one that exists for one-year own damage covers. Several insurers have filed their proposed NCB structures with the regulator.

			Digit	New India Assurance	New India Assurance	Oriental	TATA AIG
RTO	INSURED DECLARED VALUE (IDV)	NCB	1 YR OD + 3 YRS TP*	1 YR OD + 3 YRS TP*	3 YRS OD + 3 YRS TP*	1 YR OD + 3 YRS TP*	1 YR OD + 3 YRS TP*
Delhi	4,70,000	0	19,538	18,888	30,388	18,886	17,608
Mumbai	5,00,000	0	20,283	19,352	31,589	19,351	17,415
Kolkata	5,00,000	0	20,810	19,353	31,589	19,351	17,416
Chennai	5,00,000	0	24,484	19,353	31,587	19,351	19,351

			Before Sep 1	After Sep 1	Savings across 3 years**
RTO	IDV	NCB	NEW INDIA ASSURANCE (1 YR OD + 1 YR TP)	NEW INDIA ASSURANCE (3 YRS OD + 3 YRS TP)	
Delhi	4,89,250	0	11,078	31,505	1,729

How much will it cost?

The rates of the OD element are linked to the car model and capacity.

**Combinations of third-party liability and own damage covers for a Honda Amaze, 1.2E Manual Transmission, Petrol variant. **Assuming no NCB-linked renewal discount. The above scenarios factor in premium of Rs 100 for personal accident cover (own damage) of Rs 2 lakh. *1-year own damage (OD) and 3 years third party (TP). All the premium and IDV figures are in Rs. Source: www.policybazaar.com*

Choose the best combination

In case of two-wheelers, it makes sense to go for a long-term comprehensive cover as the renewal rates are abysmally low and the risk of accidents is substantially higher. Car-owners may need to delve deeper to pick the right combination. Now, the overall cost of a long-term package will be cheaper, but you will have to be mindful of the large one-time outgo as it will be in addition to your car purchase bill.

"It is best to go for a long-term package policy of three years. You would be able to lock-in the premium rates for a period of three years and it will also free you from the hassle of yearly policy renewal," says Mahavir Chopra, Director–Health, Life and Strategic Initiatives, Cover fox. The initial trends point towards the popularity of bundled third-party and one-year own damage cover.

"Initial traction suggests customers are opting for 5+5 in two-wheeler and 1+3 in private car. In case of private cars, given higher proportion of own damage premium, 3+3 ticket size becomes a deterrent in customers going for it," says V. Phillip, Executive Director, Digit Insurance.

Locking into a long-term own damage cover will take away your freedom to switch insurers every year. "If you are a reasonably organised person, go for a bundled long-term third party cover and a one year own damage

component. If you are the sort who does not keep track of renewals or diligently compares premiums while buying a policy, you can consider a long term package policy," says Mathur.

Since the NCB computation is not standardised, ensure that you look up this feature before going ahead with the purchase. "In long-term policy, the NCB applied is lower than what the customer may get (if he doesn't claim in future years), thus this benefit is passed either in terms of discount or separate NCB structure," says Animesh Das, Head of Product Strategy, ACKO General Insurance. In any case, it will not be wise to buy only a stand-alone third-party cover.

Given that long-term policies will be typically sold through dealers at the time of purchase, you need to ensure that you compare the options on various portals. "Some insurers may offer additional services like pick-up/drop and add-ons free of cost. You can check these benefits," says Das. Finally, keep its service track record in mind. "Check customers review' on social networks for claims or any after-sales interaction," he adds.

Source

Back

Pass the Motors Vehicles Bill to improve safety on roads - The Economic Times – 1st October 2018

India has the dubious distinction of leading the world when it comes to road accidents and fatalities. The figures show that over 1.5 lakh lost their lives in road accidents in 2016; it is estimated that as many as 17 persons perish every hour on the roads across the nation. The way forward is proactive policy, oversight and legislation to urgently reduce accidents and purposefully improve road safety standards.

The Motor Vehicles Bill, 2016 does seek to address road safety in various ways and the Lok Sabha has already approved the draft law, but the Rajya Sabha is yet to have it passed. The data suggest that most road accidents and loss of life is due to driver negligence, although badly designed roads are also to blame. The Bill seeks to set up functional boards at the individual state and district level to revamp road design, and swiftly correct flaws on the ground.

The Bill also seeks to streamline vehicle registration by dealers themselves, rather than leaving it to the relevant regional transport office (RTO). What's essential is standardised norms for testing and issue of driver's licence, to remove potential for corruption at RTOs.

Source

The way ahead is to pass the Motor Vehicles Bill and make it an Act.

Back

Interview

There're ample funds, Rs 2,000 crore was initial allotment for Modicare: J.P. Nadda – Mint – 1st October 2018

Prime Minister Narendra Modi launched the Ayushman Bharat–Pradhan Mantri Jan Aarogya Yojana (AB-PMJAY) in Ranchi, Jharkhand on 23 September. Billed as the world's largest government-funded healthcare program, the scheme, also called 'Modicare', aims to provide insurance cover of up to ₹5 lakh per family per year to more than 500 million socio-economically deprived Indians for secondary and tertiary care hospitalization.

Union minister of health and family welfare J.P. Nadda in an interview with Mint talks about the implementation of the scheme and how his ministry will ensure its success. Edited excerpts:

What is the progress of scheme after its launch?
We have sent letters to over 60 lakh beneficiaries so far. Beneficiaries under AB-PMJAY will be entitled to 1,350 benefit packages across 23 specialties. Over 38,585 e-cards have been issued and 22,110 beneficiaries are admitted in various hospitals. We have authorized Rs 35.8 crore for hospital admissions till 29 September. Also, we have received 30,510 applications from hospitals to be a part of the scheme.

How will you prevent frauds and maintain privacy of patients in AB-PMJAY as fraud has been a common affair in previous insurance-based health schemes?
A robust IT (information technology) system has been implemented at each empanelled hospital to form the backbone of AB-PMJAY. A beneficiary identification system accurately identifies entitled citizens, a transaction management system facilitates smooth cashless and paperless patient registration and claims processes, and a fraud management system with advanced analytics is being designed to minimize malpractice under the scheme.

Moreover, the IT system enables portability, ensuring that entitled citizens can avail services across India regardless of which state they come from. Steps have been taken to ensure data security and privacy also.

How do you think AB-PMJAY will impact the landscape of healthcare in India and what makes you confident of its success, when outcomes of most of the health insurance-based schemes in India have been poor?

Prime Minister Narendra Modiji's vision is to provide affordable, accessible and equitable healthcare services to the most needy and deprived. This vision has translated into the innovative and visionary AB-PMJAY scheme. Poised to be the largest public-funded health insurance scheme in the world, it is a major step towards universal health coverage and aims to reduce catastrophic out-of-pocket expenditure on health services for the poor and vulnerable sections of the society. The Prime Minister envisions a nation where people do not fall below the poverty line due to these excessive expenditures. It will cater to the unmet needs of the population which remained hidden due to lack of financial resources. Poor people living in any part of the country shall be able to access quality health services across the country.

How will India, which is one of the economies spending least on healthcare i.e. below 2% of GDP, able to handle the huge costs involved in the scheme?

Let me assure you that there are ample funds. Rs 2,000 crore was just an initial allocation to start the things this year and this amount will be sufficient for the initial phase. If needed, states can demand more funds at the revised estimate stage. As I have said on many platforms, we are poised to proceed with all our schemes and funds are not an issue.

Government has promised almost 40% of Indian population free and cashless healthcare services under AB-PMJAY. How will the country that already has a shortage of doctors and beds handle more patients to be covered under the scheme?

AB-PMJAY is designed to protect vulnerable populations against the financial shock arising from healthcare emergencies. However, there is a large demand- supply gap in the healthcare sector that we need to address. AB-PMJAY itself incorporates a few solutions to this problem—it provides financial incentives to empanelled healthcare providers to increase their infrastructure and improve their quality of care. The scheme also sets spending guidelines for public hospitals designed to increase capacity and bridge the demand-supply gap. Even with these provisions, we acknowledge that a shortage of healthcare providers is a significant challenge that needs special focus. As such, our government has launched several initiatives beyond AB-PMJAY to tackle the healthcare supply problem. Shortage of beds cannot be discussed under the ruse of AB-PMJAY. Our country needs more beds and we are making consistent efforts towards same. First, the ministry has taken several measures to facilitate the setting up of new colleges. These measures include rationalizing the norms for medical colleges, dispensing the minimum land area requirement in notified urban areas and allowing companies to set up medical colleges. Currently, at 502, India already has the highest number of medical colleges in the world. The recent steps taken by the ministry will significantly increase the number of medical colleges and help address the supply gap.

There have been reports of private hospitals refusing treatment under the Central Government Health Scheme (CGHS) over delays in payments. How will the government ensure to avoid such delays and tussles with private sector in AB-PMJAY?

Under AB-PMJAY, all empaneled healthcare providers (EHCP) will be paid directly through the insurance company or the trust after the treatment and discharge. As per claim settlement guidelines, all EHCPs will make use of IT system of AB-PMJAY, to manage the claims related to online transactions and all stakeholders are advised to maintain online transactions preferably to ensure the claim reporting in real time. Under these guidelines, the payment for treatment has to be made to the provider within a period of 15 calendar days (irrespective of the number of working days). For claims outside the state, a time of 30 calendar days will be provided. The trust/insurer shall make claim payments to each EHCP against payable claims on a weekly basis through electronic transfer to such EHCP's designated bank account. The insurer is then also required to provide the details of such payments against each paid claim on the online portal. Further, as package rates have been set to include cost of pre-hospitalization, hospitalization and post-hospitalization expenses, delays or confusion will be avoided. The trust/insurance company will need to update the claim settlement data on the portal on a daily basis and this data will need to be updated within 24 hours of claims payment. Any claim payment which has not been updated shall be deemed to have been unpaid and the interest, as applicable, shall be charged thereon.

As most of the private hospitals empanelled under AB-NHMP are not accredited by National Accreditation Board for Hospitals (NABH), how will government ensure quality healthcare?

As per guidelines set down for hospital empanelment, the State Health Agency (SHA) through State Empanelment Committee (SEC) will empanel private and public healthcare service providers in their respective states/Union territories. Post a verification of documents submitted through the online empanelment application, district empanelment committees (DEC) are mandated to conduct a physical verification using a qualified medical professional or a selected insurance company under the insurance model. To ensure quality healthcare services, all hospitals are mandated to obtain a NABH pre-entry level accreditation within one year of empanelment with a provision of two one-year extensions. Furthermore, hospitals with NABH accreditation are encouraged to improve their quality of services through financial incentives for achieving quality milestones. In case a hospital's application is rejected due to quality concerns, the hospital will be intimated the reasons for the rejection through the web portal and will have an opportunity to address quality concerns the next time they apply.

Source

Back

Survey & Reports

India: 4 in 10 online health insurance buyers opt for US$6,800 minimum cover – Asia Insurance Review

Nearly four out of 10 Indians who purchase health insurance online prefer a minimum cover of INR500,000 ($6,800), a study by the Product and Innovation Centre (PIC) of Policybazaar.com has revealed. The study took into account the buying behavior of more than 10,000 consumers purchasing health insurance online across 20 states.

The study also indicated that if Indian consumers buy less or more cover, then they have a preference for cover of INR300,000 or INR1m. While nearly 22% of consumers surveyed opted for the INR300,000 cover, more than 12% of the surveyed group chose cover of INR1m.

In terms of age-related findings, the study indicated that consumers in the age bracket of 26-45 years are the ones who are most active online in health insurance purchases, with nearly 75% of the survey audience belonging to this group, while 12% of the online sales were attributed to people between the ages of 45-60 year bracket.

"Healthcare costs are rising at an astronomical rate. Today, any lifestyle disease treatment costs anywhere between INR300,000-1m in a decent private hospital in the urban areas. As such, what was a INR200,000 average health cover bought 2-3 years back has become a INR500,000 cover today," said head of (PIC), Policybazaar.com, Mr. Vaidyanathan Ramani.

"With growing awareness around the need for having a health cover and understanding of the existing treatment costs in hospitals, we expect the Indian consumer to opt for an even bigger umbrella to ensure a better protection for their family over the next few years," added Mr Ramani.

Another major finding of the study revealed that Delhi-National Capital Region consumers are the most active online, with nearly 25% of the purchases made by them in the overall digital health insurance landscape. Maharashtra came a close second, with almost 20% market share in health insurance purchases online. Other states featuring in the top five were Karnataka, 8%; Uttar Pradesh, 7%; and Gujarat, 5%.

Source

Back

Millennials prefer life insurance over other fin assets: Study - The Hindu Business Line – 3rd October 2018

A majority of millennials looks at life insurance as a preferred financial instrument to invest in, to meet their financial goals, says a survey.

The findings are based on a survey by Assocham and India First Life Insurance conducted to study savings and investment patterns of about 1,000 individuals in the age group of 18-35 years across Maharashtra.

"Higher cover at lower premium rates, simplified buying process aided with quick customer service and easy documentation makes life insurance a preferred financial asset," showed the the survey titled, - Household savings and simplification of insurance.

Nearly, two-third (70 per cent) of millennials preferred life insurance as preferred instruments, closely followed by mutual funds (69 per cent) and fixed/recurring deposits (64 per cent).

It said the respondents are quite cognisant about insurance as a financial instrument and are aware about the distinct types of insurance products with 35 per cent respondents preferring to invest in a term plan.

Nearly 63 per cent respondents are earning but about 60 per cent save less than 10 per cent of their income.

"This is a disturbing trend as such a narrow overview of the future can turn out to be a vast problem at later phases," the survey noted.

It also highlighted that only 20 per cent respondents do recurring investments while 42 per cent make a single investment based on the savings available and three per cent invest haphazardly without following any fixed pattern.

The survey suggested insurance companies to come up with simple and easy to enroll plans to take care of such investment pattern.

Source

There is a need to look for ways to bring out options whereby people can add up premiums to their policy whenever they have surplus funds and their policy benefits get increased accordingly, it said.

Back

58 million Indians living without pension: Survey - The Economic Times – 29th September 2018

Fifty eight million people in India are living without pension or any other form of assistance, civil society organisation Pension Parishad has said.

Citing the State of Pensions in India Report 2018, Economist Prabhat Patnaik said the Central government spends as little as 0.04 per cent of the GDP for its flagship Indira Gandhi National Social Assistance (IGNOAPS) program for ensuring income security for the elderly.

"It will cost only about 1.6 per cent of the present-day GDP to ensure 90 per cent of the elderly population a pension of Rs 2,500 per person every month," Patnaik said.

According to National Social Assistance Program (NSAP), a welfare program administered by the Ministry of Rural Development, 80 million elderly people in India are entitled to a pension of Rs 200 per month.

Source

The organisation also pointed out that countries like Nepal, Bolivia, Lesotho, Bostwana, Ecuador -- all much smaller economies as compared to India -- ensure better social pensions for their elderly citizens.

Back

Insurance Cases

Insurance company fined for rejecting claim – The Times of India – 4th October 2018

Saying that "delay in filing an insurance claim should not be a shelter to repudiate the claim which has otherwise been proved to be genuine," the District Consumer Disputes Redressal Forum directed Bajaj Allianz General Insurance Company to pay up Rs 37,000 to a Panchkula resident whose motorcycle was stolen from near his office in the Industrial Area, Phase I.

The insurance company had repudiated the claim of Uma Dutt on the ground of delayed intimation. As per the complainant, the delay happened as police took 10 days to lodge an FIR in the case.

In his complaint, Dutt said his motorcycle was insured by Bajaj Allianz for October 2, 2016 to October 1, 2017 period for an insured declared value of Rs 25,133. The bike was stolen on October 15, 2016. He claimed that he had approached the Industrial Area police station the same day for registration of an FIR, but cops advised that he should first enquire about the motorcycle and search for the same for a day or so. And if he could not trace after search, they will record the complaint and register an FIR accordingly.

After searching for his bike for the next two days, he approached the police authorities vide a complaint dated October 18, 2016. Police lodged an FIR on October 25, 2016. Police lodged an FIR on October 25, 2016. Subsequently, he was informed by the police authorities that despite best efforts, the vehicle was not traced and as such the case was closed as untraced.

He immediately gave the intimation regarding the theft of the vehicle to the insurance company and submitted all the requisite documents and requested them to process the claim. Thereafter he sent a letter on May 7, 2017 to know the status, but to no effect. It was further claimed that they have failed to settle the claim despite his repeated visits/requests.

The insurance company, in its reply, said the vehicle was not parked at the authorized place to park and the same was parked on a vacant plot where there is no CCTV camera. It was pleaded that the theft took place on October 15, 2016 whereas the FIR was lodged after 10 days of the occurrence of the theft.

It was pleaded that the complainant had failed to intimate the company immediately after the theft of the vehicle. The company also pleaded that the claim was rightly repudiated vide letter dated February 2, 2017 after thorough investigation on account of delay in intimation.

The forum after hearing both sides held that the decision of insurers to reject a claim of the claimant should be based on sound logic and valid grounds. The forum said as advised by the police officials, the complainant first made efforts on his part to trace the vehicle and when he could not trace it, only then he lodged a complaint with the police officials.

"We are of the considered view that no prejudice would have been caused to the rights of the company on account of delay in lodging an FIR because it is the police officials who have to trace the vehicle/investigate the case as per the rules," the forum said.

The forum also quoted a circular of Insurance Regulatory and Development Authority (IRDA) that the insurance company cannot repudiate the bona fide claims on technical grounds like delay in intimation and submission of some required documents.

Source

They were then directed to refund the claim Rs 25,133 in question along with 9% interest from the repudiation letter sent on February 2, 2017 till its realization. They were further directed to pay Rs 7,000 as compensation for harassment and Rs 5,000 as litigation cost.

Back

Nashik NGO alleges use of fake insurance policies for commercial vehicles - The Hindu Business Line – 1st October 2018

The Shahimudra Pratisthan, an NGO in Nashik, has claimed that commercial vehicle owners in cahoots with agents at Regional Transport Offices (RTO) use fake third-party insurance policy for getting fitness certificates for their vehicles in the State.

President of the NGO Rahul Jain-Bagmar, addressing the media on Monday, alleged that RTO officials issue fitness certificates to vehicles without verifying the policy documents. The RTO agents create a fake policy for Rs. 3,500 while a real third-party insurance for a commercial vehicle costs over Rs. 30,000. There is a possibility that even some RTO officials are involved in the racket, he said.

Jain-Bagmar said that when his NGO investigated the matter and wrote to two national insurance companies, enquiring about the policies on which fitness certificates were issued, the companies replied that they did not have the details of those policies in the company records. One of the companies has written to the police authorities in Nashik that they have reasonable suspicion that policies are fake.

He also claimed that this kind of scam is not only just happening in Nashik RTO but also at other RTOs across the State. According to him, the scam could easily touch Rs. 2,000 crore. State Transport Minister Diwakar Raote has been apprised of the situation and the Minister has promised a probe into the matter, Jain-Bagmar said.

Source

He added that the RTO officials could verify the policy by scanning the QR code on the policy document but it was not being done.

IRDAI Circular

Source

List of corporate agents registered with the authority is available on IRDAI website.

Source

Updated List of Non-life Insurers is available on IRDAI website.

Source

The Insurance Regulatory & Development Authority of India is in the process of adopting 'Risk Based Supervisory Framework' for holistic supervision of insurance sector in India.

Back

Global News

Philippines: Insurance brokers bring in more premiums in 2017 – Asia Insurance Review

Premium revenue generated by the insurance brokerage sector rose by 11.2% to PHP57.9bn ($1.1bn) last year, compared to PHP52.1bn in 2016, according to Insurance Commissioner Dennis Funa. The premiums, generated by 63 brokerage companies, accounted for a fifth (20.56%) of the total premiums of PHP277.6bn of the life and non-life insurance sectors.

Mediated premiums in the life sector reached PHP8.7bn while those from non-life business stood at PHP48.4bn. Brokerage commissions earned increased, by 12.1% to PHP7.3bn in 2017 from PHP6.5bn in 2016.

"In 2017, commissions of insurance brokers were mainly from the non-life insurance business in the amount of PHP6.2bn, which represents 84.2% of the total commissions earned," Mr. Funa said. Insurance brokers also gained PHP837.3m in membership fees from the health maintenance organisations (HMOs).

Mr .Funa said that the top 10 insurance brokers, whose combined premiums composed 75% of last year's total, were:

- Anchor Insurance Brokers;
- Aon Insurance and Reinsurance Brokers Philippines;
- BDO Insurance Brokers;
- Gotuaco, Del Rosario Insurance Brokers;
- HSBC Insurance Brokers (Philippines);
- Intertrade Insurance Brokers;
- Jardine Lloyd Thompson Insurance Brokers;
- Marsh Philippines;
- Lockton Philippines Insurance and Reinsurance Brokers; and
- Unicon Insurance Brokers.

Meanwhile, the 19 firms engaged in reinsurance brokerage posted a combined net income of PHP2.2bn in 2017, up by 61.5% from 2016's PHP1.4bn. However, the commissions earned by reinsurance brokers last year declined by 8.6% to PHP154.2bn from PHP168.8m in 2016.

Source

Reinsurance brokers Phil Pacific Insurance Brokers and Managers; KRM Reinsurance Brokers Phils; Pana Harrison Reinsurance Brokers (Phils.); Alsons Insurance Brokers Corp; and Jardine Lloyd Thompson Insurance Brokers produced 70% of the premiums generated by the reinsurance brokerage industry last year.

Back

South Korea: Combined profits of reinsurers fall in 1H – Asia Insurance Review

Reinsurance companies in South Korea saw their combined profit slip by 13.8% year-on-year in the first half of this year, hit by losses from accidents at home and abroad.

Ten reinsurers posted a combined net profit of KRW134.7 bn ($119.6m) in the January-June period, compared with a profit of KRW156.3bn a year ago, reports Yonhap News Agency citing data from the Financial Supervisory Service (FSS).

Losses related to accidents, including factory fires in China and Greece and a vessel accident at a port in Incheon, west of Seoul, hurt their bottom line, the FSS said, without elaborating further.

South Korea has vowed to open its doors to the international reinsurance market, but the sector is still dominated by Korean Re.

Source

Korean Re reported a net profit of KRW109.3bn in the first half of this year, the FSS said, without providing an annual comparative figure.

Back

Australia: Nearly 90% of senior citizens say they try to stay healthy – Asia Insurance Review

The vast majority (87.8%) of seniors polled in a recent survey try to maintain a healthy lifestyle, including one in six (16.7%) who are very committed.

A better quality of life is the most commonly cited reason for trying to maintain a healthy lifestyle among seniors (83.6%). More than half of seniors also cite enjoying retirement to the fullest (55.2%) and avoiding being a burden on others (52.0%), according to the Ageing Perceptions report published by the Australian Seniors Insurance Agency.

Many seniors use alternative medicines, including vitamins and minerals, and many are using them more now compared to when they were younger. Many seniors also claim to be healthier in their food choices now compared to when they were younger.

Some seniors feel pressured to keep fit for the sake of their looks and feel that the pressure is greater now than when they were younger. Many seniors also feel that there is more societal pressure on older people to look younger to stay employable. However, only a small minority of seniors have had or would consider plastic surgery or cosmetic procedures.

The large majority of seniors have uncertainties about their future financial security, with a common worry that with age comes greater risk of poverty.

More than half (50.8%) of seniors trust the system to look after them in retirement if required, although only one in 10 (10.2%) trust it completely or to a great extent.

The majority (68.4%) of seniors are preparing financially for retirement, particularly by saving (41.3%), spending less (30.4%) and investing in property (12.9%). However, close to one in three (31.6%) are not doing anything in particular to prepare financially for retirement.

Source

Australian Seniors Insurance Agency was established in 1998 to provide cost effective insurance solutions for the mature Australian market.

Back