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QUOTE OF THE WEEK

"Accept the challenges so that you can feel the exhilaration of victory."

George S. Patton

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Term insurance

Term insurance is a pure protection plan with no form of savings or investment. It is a plain-vanilla life insurance policy that covers the life of an individual for a specific term.

Today, most insurers offer term plans for up to 60 years with the cover ceasing when the individual attains 75/80 years. If the policy holder dies during the tenure of the policy, the benefit, that is, the sum assured is paid to the beneficiary. On the insured surviving the policy term, no benefits accrue to him/her.

If you want a saving component added to your insurance policy, you should look for endowment insurance covers, which come as participating and non-participating plans. Term insurance is the cheapest of all life insurance policies in the market.

For instance, for a 30-year male, the premium for Rs1 crore sum insured policy is Rs 13,000. For this same premium, the cover he may get from a bundled insurance product will be very minimal.

Source

INSURANCE INDUSTRY

Emerging risks from new technology in insurance and ways to mitigate them – Financial Express – 4th April 2019

As consumers become more discerning, expectations of seamless and instant transactions across digital channels are increasingly becoming the norm.

Similar to 'Fintech', 'Insurtech' is a term used for technology-led companies that have revolutionized the way the insurance sector in India functions. Insurance companies take support of the available new technologies in the market to provide solutions for today's more digitally savvy customer base. 'Insurtech' is becoming an industry-wide solution, with insurers actively participating in this revolution through accelerators, investments in technology, innovation labs and in a variety of other ways.

While disruptive technology is a much needed and welcoming move in the industry, it inevitably exposes companies to new and high risks. While technological innovations simplify the process of securing new insurance policies. There are some potential risks that consumers could be exposed to.
We need to know these risks so that it can be addressed – when attacked.

How policyholders can keep hackers at bay
Whenever we share or store personal information online, there are risks associated with hackers. Hackers can infiltrate critical IoTs systems that could lead to loss or misuse of personal information. They can also tamper with algorithms that can lead to the system taking wrong decisions. An approach to mitigate this is to ensure that enough security controls are implemented by insurers that are monitored frequently.

Further, consumers must be cautious of using their PII (personally identifiable information) on public Wi-Fi, or using easy passwords or identical passwords across accounts which are vulnerable for attack by hackers.

Be Judicious with consent given to use personal data or acknowledgment to 'T&C' Policies.

Unlike FMCG goods, insurance isn't a daily purchase commodity. As it is a one-time finance related purchase, it is important that we properly understand the risk associated with purchasing the policies using the emerging technology. Insurtech has definitely reduced the time and costs involved in purchasing insurance products but one has to be observant that our precious data is not used anywhere without our consent. Be cautious on the consents given to T&C (terms and conditions).

For example:

- The T&C may be shared as a hyperlink which the consumer should carefully read before giving their consent.
- General consent may be taken without explaining how & with whom the data is being shared or used for.
- Shortened T&C may not give enough clarity.

However, there are safeguards build through regulatory controls and approvals on use of customer data.

Take help of your insurer

With evolving technology, we have apps and smart bots which can converse with customers and give real-time advice on products and policies. Insurance policies can be issued within a few hours with just a few clicks. However, not all customers are well versed with evolving technologies and may not understand the process well. In this scenario, Insurers must step in and handhold consumers on using new age technologies and by providing a simpler user interface.

In conclusion, the insurance industry is at the cusp of a revolution with ton of ways for insurance companies to leverage technology to become more efficient and effective. The sector has leapfrogged with insurers coming up with tailor-made solutions and round the clock support systems to assist customers in the best possible ways. With advanced risk assessment and mitigation processes facilitated by 'Insurtech' that are aided with emerging technologies, customers can expect much more flexibility and security from their insurance products.

(By Bikash Choudhary, Appointed Actuary and Chief Risk Officer, Future Generali India Life Insurance Company Limited)

Source

TOP

India: UN-backed network launched to tap private sector to tackle Nat CAT – Asia Insurance Review

India has launched a UN-backed initiative to tap the private sector to reduce the country's exposure to disasters and the huge economic losses that they cause.

The initiative, called ARISE India, started last month, would "turn the private sector's attention to the importance of action before a disaster strikes and to take advantage of opportunities that emerge to build back better after a disaster hits", said the UN Secretary-General's Special Representative for Disaster Risk Reduction, Ms Mami Mizutori.

ARISE is the Private Sector Alliance for Disaster Resilient Communities supported by the UN Office for Disaster Risk Reduction. With India, there are a total of 17

ARISE national networks around the world. At the international level, over 140 companies representing the worlds of finance and industry are members. India is represented on the international ARISE Advisory Board by Nirankar Saxena, deputy Secretary-General of the Federation of India Chambers of Commerce and Industry (FICCI).

Mr Saxena said: "It is vital for the Indian economy that the private sector is resilient to the impacts of disaster and climate risks. We must build to last and otherwise anticipate and adapt to potentially disruptive and hazardous events for the well-being of our employees and the communities in which we are located.

"ARISE India is a great step forward in increasing understanding of disaster risk among business circles and will help the country to meet the targets for reducing disaster losses set out in the global plan, the Sendai Framework for Disaster Risk Reduction."

The Sendai Framework advocates partnership with the private sector to reduce disaster losses.

TOP

Source

LIFE INSURANCE

Should you buy life insurance for investing needs? – Financial Express – 31st March 2019

Many people invest in life insurance thinking that it would be a financial shield to the family in their absence. However, opting for a life insurance plan works as a powerful retirement and investment planning tool as well, since these policies help in building up sizeable cash value during the lifetime.

In the past few years, the insurance sector has become more customers centric and has launched various products that offer a host of beneficial features. Proper usage of these products can serve as a wealth creation tool for investors and at the same time provide the safety net that any insurance product comes with.

Moreover, the rising inflation simultaneously increases the cost of education and other expenditures. Life Insurance is a good way to start saving for your child's future as it comes with dual benefits of wealth creation and life protection. Additionally, it can also be used for medical treatments, weddings and can also be used as security for loans to your child's higher education.

As it is rightly said, "You don't buy a life insurance policy because you are going to die, but because those who love are going to live".

Life insurance also comes with an important consideration owing to its tax benefits option under Section 80C of the Income Tax Act, 1961 on the premiums that you pay every year. Also, the income earned and lump sum benefits received from these plans are exempted from income tax under Section 10 (10D) of the Income Tax Act, 1961.

Talking about the types of life insurance, the term life insurance is one of the economical picks for an individual and leaves money free for other investments. It offers a considerably good amount of Internal Rate of Returns (IRR) thereby leaving your family or dependents financially equipped in your absence. For instance, Tushar is a 30-years old IT professional who lives along with his parents, he has opted for a term insurance plan of coverage amount 3 crore with an annual premium of Rs 1.7 lakh. Suppose, an unfortunate accident leads to his demise. In this case, even if Tushar had paid only 10 annual payments, his nominee would receive the entire sum assured which makes up to 50.69% IRR. Here, the amount received is much higher than what Tushar has paid.

This way a term insurance plan allows the policyholders to protect their family in the short run and helps them avail the benefits of a risk-free term investment. The returns under this plan never fall below 5 percent except in very rare cases and are tax-free.

Apart from this, one of the long term insurance products which is an effective plan is the Unit Linked Plan (also known as ULIPs) which offers tax efficiency and seamless transfers from debt to equity and back.

One can choose plan based on a whole range of low, medium and high-risk options under the same policy. Here, the consumers also have the flexibility to choose the investment ratio and the sum assured in the annual targeted premium. They can also avail of the benefits of one-time enhancement in their investment portfolios through various top-up options.

Also, those whose wish to get the maximum benefits of long term market-linked growth without the trouble of direct investment in the stock market, ULIPs are a perfect solution.

The bottom line is that life insurance comes with advantages of life protection, tax saving and wealth creation; it is up to you how much you invest as per your affordability or income level.

(By Rakesh Goyal, Director Probus Insurance)

TOP

Source

Insurance: It's unwise to buy plans just to save taxes – Mint – 30th March 2019

It is quite common to see a growth spurt in the sale of life insurance policies during the last three months of a financial year. This happens mainly because most tax payers will be doing the last minute tax-saving by buying policies. For instance, new business premium in February for retail policies grew 12%, as per an Insurance Regulatory Development Authority of India (IRDAI) data. According to the same report, there was an increase of 33% in the overall new business premium numbers. It indicates that usually tax payers wait till the end of the financial year to carry out tax-saving investments. "The growth has also happened owing to various other factors, notably, vast young population, the projected strong GDP growth and rising income and wealth accumulation," said Bharat Kalsi, head of strategy, analytics and marketing at Tata AIA Life. However, it is not advisable to buy insurance policies just to save tax. Here are the three wrong reasons to buy an insurance policy:

Buying insurance policy to save tax

Insurers say it is a seasonal growth due to the tax filing season. "The driving force behind an increase in new business premiums during the on-going quarter is actually a seasonal growth and it is because of the tax filing season," said Ashish Vohra, chief executive officer, Reliance Nippon Life Insurance. But is this a wise decision? Experts think otherwise. According to Suresh Sadagopan, founder of Ladder7 Financial Advisories, your investment portfolio should match with your goals. "Insurance is supposed to be a product for long-term commitments. Hence, it is not a product that is supposed to align with your tax saving goals," he added. You should never buy an insurance policy to just save tax. Insurance is for protection and tax is only an added benefit to it and not the other way round.

To use insurance policy as a savings instrument

Individuals look at insurance as a savings instrument. "Long term savings are becoming a growing trend because of the fast rate of increase in life stage related costs and investments such as education. For instance, 20 years ago, an MBA course cost around Rs10,000 to Rs20,000. Today, a similar course can cost as high as around Rs20-25 lakh and could be significantly higher in the next 20 years, thus mandating a savings plan for future," said Vohra. However, insurance is not for savings. "By keeping your investment and savings in a single investment product you lose out on the flexibility. If the need for one of the two diminishes, just because both investment goals are packaged in one product for you, you will lose out on both of them," said Vishal Dhawan, founder, Plan Ahead Wealth Advisors. "Also, had you invested in another product for savings purposes, you will have the option of shifting to another fund manager which may not be available when it comes to an insurance product," he added.

Blindly trusting your bank executive
In February, the market share in new business premium of private life insurers has seen a growth of 33.24%. "The growth can be attributed to the growth in bancassurance products. Customers are seeing a lot of value in banks because banks are dealing in all kinds of financial products and customers tend to find comfort in the same," said Karthik Raman, chief marketing officer and head of products and strategy, IDBI Federal Life Insurance. When you are buying insurance products from your bank executive, you should know what product specifics. Understand the insurance plan in detail. Don't get locked into a bad product only because you did not ask enough questions.

What should you do?
Since the new financial year is round the corner, it would be prudent for you to start planning about your insurance plans in the beginning of the year itself. If you have dependents, you should have a life insurance cover that is at least 10 times your annual income. "You should get a health cover of at least Rs5-10 lakh if you live in a metro city. You could also get a base cover of Rs5 lakh and a super top-up plan of Rs5 lakh," said Dhawan. You can also seek help from a financial planner.

(The writer is Revati Krishna.)

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Source

GENERAL INSURANCE

Booking Indian Railways ticket at IRCTC? Now, get insurance up to Rs 10 lakh for just 49 paise – Zeebiz – 3rd April 2019

If you are travelling via any transport medium including railways and air, one important thing is to get your journey insured. While the insurance providers may have different rates for travel insurance, the Indian Railways Catering and Tourism Corporation (IRCTC) provides insurance worth Rs 50 lakh for free if you are booking air ticket from its platform and insurance up to Rs 10 lakh for just 49 paise if you are booking a rail ticket. If you are booking a rail ticket, the insurance is optional and you will have to select it if you want to get your travel insured.

On selecting it, you get the insurance for booking a confirmed/RAC e-ticket but not for a waitlisted ticket. The insurance is available to passengers of all reserved classes like Sleeper, First AC, Second AC, Third AC of all trains except passenger and sub-urban trains. This is exclusive for passengers booking ticket using the IRCTC website irctc.co.in.

The insurance sum assured is paid to the victim or the family or legal heir of the victim in case of death or injury of a reserved passengers due to train accident/untoward incidents, subject to the qualification that the coverage will be valid from the actual departure of train from the originating station to actual arrival of train at the destination station.

Below are the amount paid to victim/family or legal heir of the victim:
(i) Rs 10 lakh in case of death or permanent total disability
(ii) Rs 7.5 lakh in case of permanent partial disability

(iii) Rs 2 lakh for hospitalization expenses in case of injury
(iv) Rs 10,000 for transportation of mortal remains

IRCTC had entered into an agreement with three Insurance Companies - (i) Shriram General Insurance Company Ltd, (ii) ICICI Lombard General Insurance Company Ltd, and (iii) Royal Sundaram General Insurance Co to provide the travel insurance to railway passengers booking ticket through its platform.

(By Zee Biz Web Team.)

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Source

Your expensive holiday abroad can turn from pleasure to pain; do you have these critical travel insurance aspects covered? – Financial Express – 2nd April 2019

Failing to buy travel insurance for your international trip can surely come at a huge cost, and no one else can right now better understand this than Indian expat Anubhav Khanna, whose father's hospital bill has exceeded 100,000 dirhams ($27,225) in Dubai. As per the media reports, a native of Punjab, India, Anubhav travelled to the UAE 11 months ago and was excited to bring his parents to the country for a holiday. In this excitement, Anubhav forgot to procure travel insurance for his parents for their visit to Dubai.

As per Anubhav, when his parents arrived, he did see that his father, Surendra Nath Khanna, was a bit breathless, but he didn't show any signs of being sick. However, by morning things turned fatal and he had to call an ambulance in emergency as his father complained of acute breathlessness. From there, his father was rushed to the NMC Hospital at the Dubai Investment Park where he was diagnosed with a lung infection that had already spread to other organs, leading to multi-organ failure.

As per the doctors, the infection spread so fast within Surendra Khanna's body that his left hand had to be amputated and the doctors are still trying hard to save the other limbs. Unfortunately, his right leg seems to be affected with gangrene and may need to be amputated as well. For his father's treatment, Anubhav is shelling out approximately over 20,000 dirham (Rs 3 Lakh) every day. He till now has unpaid bills mounting to over Rs 18 lakh. Anubhav, after losing his and his brother's savings, admits that it was unfortunate that he didn't realise the importance of having travel insurance. He accepted that he was not familiar with the concept of travel insurance and had he bought travel insurance, he would not have been in such a financial crisis. It is not just the mental trauma that he is going through every day due to his father's critical health condition; the urgency of arranging huge finances is making the things worse.

Had he just spent a mere Rs 1000 on buying a travel insurance worth coverage of $1,00,000 online for his 10-days trip to Dubai, all this mental pain and financial stress could have been easily avoided. Some prominent plans providing adequate travel insurance for Dubai include Tata AIG's Travel Guard, Religare's Explore Asia, Star's Travel Protect, Apollo Munich's Easy Travel Individual and HDFC Ergo's Single Trip Worldwide (excluding USA and Canada).

While travelling to a foreign land, it is quite possible that you may encounter an adverse medical condition due to the change in climatic conditions or may be any other reason. During any such crises, you can easily avail the best possible medical facilities around, provided you are well equipped with adequate travel insurance. Many of the travel insurance policies even provide assistance like daily hospitalisation cash allowance and emergency evacuation whenever required. Had Anubhav spent a little amount on buying travel insurance for his parents, he would have not lost Dh 42,000 which he borrowed from family and friends to book an air ambulance from India. Moreover, the air ambulance was of no use and the company refused refund as the doctors who came from India stated that the portable ventilator could not match the oxygen given to his father in the hospital ICU.

With numerous developments in the travel insurance space, travel insurance now covers you in ways you don't even expect. Apart from offering financial recovery for medical expenses incurred due to accidents and illnesses, some of the travel insurance policies even cover pre-existing medical conditions. As medical treatment is very costly in most foreign countries, those who sustain serious injuries may have to pay medical bills that amount to thousands of dollars. With adequate travel insurance, travellers can get reimbursement for the total amount of money that they spend on medical treatment.

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

Source

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HEALTH INSURANCE

Health insurance exchange market is projected to grow at a moderate CAGR during the period of assessment - Herald – 3rd April 2019

Health insurance exchange is a federally operated marketplace for insurance where small business and individuals compare and shop for health coverage. Healthcare consumers and governments are demanding that providers and payers offer more services that lead to changes in healthcare landscape.

There is increased demand for cost reductions, increased patient satisfaction and improved health outcomes with changing public policies. Healthcare insurance exchange providers are either private exchange or public exchange. Private exchanges include health insurance carriers and benefit companies while public exchange includes the part of healthcare policies such as Affordable Care Act (ACA) and the Children's Health Insurance Program (CHIP). Private exchanges are a process for offering employer-sponsored health insurance that combine increased plan choice, online shopping, cost containment strategies and benefit administration. In private exchange, companies buy health insurance and then their employees can choose a health plan from those provided by participating payers.

Increase in adoption of IT services by third party administrators (TPAs) and changes in healthcare reforms such as Obama care are the majo_r drivers for the growth of the global health insurance exchange market. In addition, the increasing demand for reduction of healthcare insurance cost and growing number of private health exchange companies are anticipated to fhttps://www.persistencemarketresearch.com/samples/13555uel the growth of the global health insurance exchange market during the forecast period. However, low awareness about health exchange among the people and complex technologies and procedures involved in healthcare are expected to limit the growth of the global health insurance exchange market.

The health insurance exchange market has been segmented by type, by end user and by geography. In terms of type, the health insurance exchange market has been categorized into public and private exchange. Public health insurance exchange is the major contributor to the global health insurance exchange market. Furthermore, public exchange is segmented into state-based exchange, state partnership model, and federally facilitated exchange. Private exchange is categorized into single-carrier exchange and multi-carrier exchange. In terms of end users, market has been segmented into payers and providers.

Geographically, the health insurance exchange market has been segmented into North America, Europe, Asia Pacific, Latin America and Middle East & Africa. North America accounts for a significant share in the global market for health insurance exchange with a major contribution from U.S. owing to very well established healthcare system and increased adoption of IT in the country. Presence of private healthcare organization, positive initiatives by government in implementing the healthcare policies and constantly improving reimbursement scenario would further propel the health insurance exchange market growth.

Europe is anticipated to be the second largest market in health insurance exchange due to implementation of healthcare policies in developed countries such as U.K. and Germany. Moreover, the presence of well-established reimbursement policies in this region and the healthcare regulatory framework are expected to enhance the health insurance exchange market growth. The major factor that is expected to drive the market in Asia Pacific include the improving healthcare infrastructure in emerging countries such as India and China with the increasing patient awareness for different healthcare policies. This market growth can be attributed to the investments done by governments to improve the present healthcare infrastructure, which will enhance the growth of the health insurance exchange in the developing countries, such as China and India. Latin American countries such as Brazil and Mexico are expected to contribute considerably in driving the health insurance exchange market growth in upcoming 5 years.

The major players operating in this market include All scripts, Accenture PLC, CGI Group Inc., Oracle Corporation, IBM Corporation, Inovalon Holdings, Inc., Wipro Limited, Xerox Corporation Ltd., Tata Consultancy Services Limited, Microsoft Corporation, Noridian Healthcare Solutions, LLC, Hewlett-Packard Company among other significant players worldwide.

TOP

Source

Health cover policyholders may soon be able to receive claim amount in instalments - The Hindu Business Line – 3rd April 2019

You may soon be able to opt for receiving personal accident and benefit-based health cover policy claims in instalments.

In a first-of-its-kind proposal, a working group constituted by the Insurance Regulatory and Development Authority of India (IRDAI), has suggested that a policyholder may be provided the option to receive the amount in lumpsum or in equated instalments.

Not a default mode

However, this will not be a default mode, but should be implemented only if a customer opts for it. “A policyholder shall have the flexibility to choose the option of settlement option of the claims at all stages of the policy contract – at the time of buying the policy, during renewal, and during the policy terms or at the time of claims,” the committee said in its recommendations. The periodicity of instalments could be monthly, quarterly, bi-annual, and annual. The claim payment period could be up to a maximum of five years, and instalments should be spread over the payment period.

On the pricing front, the panel suggested that the premium should be the same for both options of lumpsum settlement of claim as well as instalments. Linkage of interest rate for payment of claims in instalments will not be permitted. “Pricing aspects should be incorporated by the appointed actuary at the final stage while deciding the terms and conditions to be offered to the policyholders,” the report said. The regulator is likely to come up with the final guidelines on the matter over the next one month, according to sources.

The objective of such a facility is to offer income to policyholders for a reasonable period of time. The option may also enable policyholders of benefit-based health insurance policies get a stream of income over a predetermined period of time after triggering of the claim, according to Suresh Mathur, Executive Director, Health, and IRDAI.

There are diverse views on the efficacy of the facility. While the idea looks good on the face of it, it may not click well with customers. “In personal accidents and some categories of health cover, the objective of policyholders is generally not income generation.

“They may like to get claim immediately in this segment, and don’t expect great numbers opting for it,” said a top executive with a private general insurance company.

According to Shanai Ghosh, Head-Marketing and Commercial Business, Strategy, Edelweiss General Insurance, the settlement option proposed in the draft guideline introduces flexibility in the product structure for the customer, which is good.

‘Needs robust processes’
“It needs to be implemented in a simple and transparent manner for the impact to be realised. Insurers will have to put in robust processes and systems to ensure a seamless experience for the customers,” he added.

(The writer is G Naga Sridhar.)

Source

TOP

Claim settlement for personal accident, benefit health plans made flexible – DNA – 2nd March 2019

Policyholders of the personal accident and benefit-based health insurance plans can choose to receive the claim in regular installments or a lump sum amount or a combination of both.

The Insurance Regulatory and Development Authority of India (Irdai) has issued draft guidelines for claim settlements.

According to the draft guideline, the option of the settlement of claims in installments will offer an income in the hands of the claimants for a reasonable period of time.

It is applicable in respect of a personal accident and benefit-based health products and add-ons attached to indemnity policies of both individual and group products.

These policies offer a lump sum amount to the claimant/benefactors in case of an accident (in case of personal accident policy) or diagnosis of a critical illness such as cancer or cardiac problem (in case of indemnity based health cover). Unlike the regular mediclaim policy where money is paid for the specific purpose of the medical treatment or hospitalisation, in case of these policies the policyholder can use the money as income replacement. The amounts tend to be large, Rs 10 lakh and upwards.

"This is a good option because many a times families do not know how to handle the money. Also, if they do invest the lump sum, the returns they get are taxable. In this case, if they choose to get the claim on a monthly basis, then there is no tax on it. Also, in case of critical illness covers, your hospital treatment may be covered by the indemnity policy and you may want to use the claim from the fixed benefit policy to meet your monthly expenses. In that case, too the installment payout is useful,'' says Nikhil Apte, chief product officer, Royal Sundaram General Insurance.

The installment option may be offered only beyond a certain threshold limit of the base sum insured, subject to the design of the product.

A policyholder shall have the flexibility of choosing the settlement option of claims at the time of policy inception, on renewal, during the policy term or at the point of claims. The policyholder will also be given an option of altering the mode of receipt of payment of a claim from lump sum to installments and vice versa during the policy duration any number of times till the point of claim.

MORE FLEXIBLE

The option of the settlement of claims in installments will offer an income in the hands of the claimants It is applicable to personal accident and benefit-based health products and add-ons.

TOP

Source

Two years on, little awareness on Tamil Nadu's insurance on autistic children – Idealnews.in – 2nd April 2019

When gadget operator, Solaimani and his wife, Shanthi, have been first informed that their seven-year-old second daughter suffered from autism spectrum disorder and that she wanted extensive remedy, their first worry used to be the fee. Being a day-to-day wage labourer, Solai earns Rs 10,000 to Rs 12,000 a month. Luckily, they found a centre who presented backed day-to-day remedy at Rs 2,000 a month.

Not all deficient households with autistic children are that lucky or aware. With most centres charging Rs 5,000 to Rs 7,000 a month for remedy which contains occupational, behavioural and speech remedy and special schooling, most deficient households get started remedy but drop out early because of unaffordability. Sensing the will for assisting the households, the state govt introduced the executive minister's comprehensive medical health insurance scheme covering autistic children. But nearly two years after the scheme used to be introduced, there is little awareness about the advantages. In entire of Coimbatore district, handiest 12 autistic children have benefited thus far out of the scheme, whilst scores of other children are left to shell massive sums for the remedy.

"Among the 12 children, most commonly from deficient backgrounds, a few had stopped remedy because of unaffordability. They returned to the sessions when they have been informed that it would be free underneath the insurance scheme," says Anadhi, occupational therapist at Global Occupational Therapy sanatorium in Pollachi. The numbers are meagre considering that just about one in every 100 children, underneath 10 years of age, suffer some extent of autism spectrum disorder in India, in keeping with a learn about.

Since its launch in 2017, the medical health insurance scheme gives as much as Rs 1 lakh a yr to get right of entry to all remedies wanted for autism control. They reimburse Rs5, 000 for every 40 sessions of remedy, together with behavioural, speech and occupational.

Yet another reason for deficient achieve of the insurance scheme is low collection of autism remedy centres. In Coimbatore district, handiest 3 centres have been approved by Tamil Nadu Health Systems Project to provide autism remedy—Coimbatore Medical College Hospital, Global Occupational Therapy and Speech Therapy sanatorium and Vidya Vikasini School Coimbatore. While CMCH is but to begin providing occupational remedy, Global Occupational Therapy has 12 of its children covered underneath the scheme. Vidya Vikasini School is in the procedure of getting 21 children registered.

There are more than one early intervention centres in the town coping with any place between 15 to more than 50 children. It is not only lack of understanding among oldsters but even a number of the centres that is reason why for the scheme's lag. "We were given to find out about it handiest nine months back when there used to be assembly of occupational remedy association contributors. The govt or insurance companies must take steps to popularise the insurance scheme and accelerate the approval procedure," stated an occupational therapist.

Kala Rajagopal, occupational therapist at The Mind, who had applied six months back stated that they are but to get the approval. Right now, The Mind gives backed remedy at Rs 2,000 a month for the needy. "If the children are brought underneath the insurance scheme, they needn't spend even that," she stated.

TOP

Source

Why you need a personal accident insurance cover – Financial Express – 2nd April 2019

With erratic lifestyles and hectic schedules, people are racing against time which can come to a screeching halt in the event of unforeseen circumstances. Today, as we step out on the road, we pretty much carry our heart up our sleeves, quite literally, as the odds of running into a fatal accident are far higher than ever, given the worsening condition of Indian roads.

In this alarming scenario, an individual personal accident insurance is your best bet for financial support. It is highly pocket-friendly and flexible. One can buy `10 lakh of accidental cover for a premium of `800 to `1,500 per year, basis specific product benefits and insurer brand reliability.

Personal accident schemes cover the policyholder against death or disability caused due to an accident. Apart from the basic death cover, one can buy additional protection against partial and total disability; loss of earnings pertaining to occupation due to a temporary impairment in the aftermath of an accident can also be covered. There is an option to cover the family as well.

A personal accident policy plugs a burning hole in the overall insurance portfolio to provide the policyholder with financial support in the aftermath of an accident. Let's see how it helps in your financial planning portfolio:

Disability cover
If the policyholder is completely or partially disabled after an accident, then this type of policy will assist him with financial support regardless of the type of injury. In the event of the policyholder's demise in an accident, his nominee gets accidental death compensation benefits.

Emergency accident medical expense
Following an accident, the victim needs immediate medical attention and personal accident policy provides coverage for hospital bills, medical treatment that are not due to a pre-existing condition, as well as expenses like repatriation charges, funeral expenses in the event of policyholder's demise, and ambulance charges.

Compensation for loss of income
If the policyholder suffers a fracture or a disability such as loss of eyesight, speech, or hearing impairment, the policy compensates for the loss of income. If a person suffers temporary total disability, then the insurer will grant a weekly benefit.

Children education benefits
Personal accident insurance ensures that education expenses of victim's children are not impacted as it provides an education benefit for the children amounting to 10% of the principal sum insured or the actual tuition fee charged by the institution, whichever is lower.

Modification allowance
Due to the accident, if the policyholder gets paralysed and bound to a wheelchair, he may require structural adjustments to accommodate and ease his movement. The policy compensates to make such necessary alterations in his home and vehicle to facilitate easy movement.

Family transportation
If the insured person is confined in a hospital outside 150 km of his home, the immediate family member will incur certain transportation expenses to reach the hospital. This insurance will reimburse these expenses up to a certain limit.

Before deciding on the personal accident cover, check the policy exclusions and options such as free-look period of 15 days and 30-day grace period of policy renewal. Buy the policy from a reputed insurer with an exemplary track record in service delivery and superior claim settlement.

(The writer is Parag Ved.)

TOP

Source

ESIC health insurance scheme is flush with funds but that isn't helping low-wage workers – The Print – 1st April 2019

In the last 12 months, Lokenath Majumdar was unable to attend work on a couple of occasions at a local jewellery store in west Delhi because he was unwell. Majumdar was eligible for compensation under the country's social security programme — he is a subscriber to the Employees' State Insurance (ESI) scheme — but was denied benefits twice.

When he claimed compensation, he was told that his name is "not registered" with the Employees' State Insurance Corporation (ESIC) — the nodal body for the self-financing health insurance scheme under the aegis of the union labour ministry. Employees and employers — of any organisation with at least 10 workers — both make a fixed contribution towards the ESI scheme.

"They (ESIC officials) said that they have not received any money. If the money had not been deposited, how was I given the (ESI subscriber) card?" Majumdar wondered. He isn't alone. R. Mandal, a migrant labourer in Gurugram, has also faced issues in receiving compensation from the ESIC.

Under the Employees State Insurance Act, 1948, subscribers are entitled to full medical care, besides compensation of wages in case of absence from work due to sickness or injury or maternity leave.
But Mandal said its "impossible to get money in case of leave".

"I have not gone to my village for over two years over the fear of losing money," said Mandal.

In the last couple of years, the ESIC has been battling several wars on different fronts — jump in subscriber base, poor infrastructure and bureaucratic processes.

Speaking to The Print, ESIC director general Raj Kumar said they were facing "some problems".

Of the ESI's around 3 crore subscribers — mostly low-wage earners who are covered under the scheme along with their families — many have had to deal with complicated paperwork and the ESIC's lax administration.

(The writer is Mahua Venkatesh.)

TOP

Source

CROP INSURANCE

Fasal BimaYojana: Is crop insurance working? Here's what data tells us – Financial Express – 1st April 2019

After the initial years when it looked coming apart, the NDA government's flagship crop insurance scheme has clearly consolidated itself. Despite 2018 having seen moderate monsoon deficiency and somewhat uneven spread of rains in areas crucial for farming, the claims made by farmers under the Pradhan MantriFasalBimaYojana (PMFBY) for the year's kharif (summer) crop was just 44% of the premium collected by insurers, making it a lucrative part of their business portfolio. Also, with state governments shedding their initial ambivalence towards the scheme, premium inflows have become more robust and prompt.

Insures have settled 100% of the claims for the summer crops of both 2016 and 2017 and 96% for the 2016 Rabi (winter) season, as per official data reviewed by FE.

PMFBY's claims to premium ratio was 88% for kharif 2017 and 99% for Rabi 2016, raising doubts about the commercial viability of the scheme. Under the scheme, farmers contribute a fifth of the premium while the Centre and state governments are to contribute the balance amount on a 50:50 basis.

For Rabi 2017, as per the latest data available (as in early November 2018), the claims to premium ratio was as low as 26% (by December-January, most claims will be in).

In 2018, India had received 91% rainfall of the long period average (LPA) of 89 cm during the June-September monsoon season. Among major agricultural states, Gujarat, northern Karnataka, Bihar, West Bengal, Jharkhand and Marathwada region of Maharashtra had witnessed deficient rainfall.

The public sector Agriculture Insurance Company of India (AIC) has one-third share in the total crop insurance business, the highest among all insurers while 13 private companies have a combined share of 50%. The Centre has fixed farmers' share of premium at 2% (of sum insured) for kharif crops, 1.5% for Rabi crops and 5% for cash crops.

The flagship PMFBY had faced criticism due to delays in settlement of claims from farmers, leading to charges of 'profiteering' by insurers. Officials said that after introduction of 12% penalty for delayed settlement from September 2018, insurance companies have expedited payments to farmers. Around 95% claims made until February-end for kharif 2018 crop losses shave been settled in Rajasthan, Gujarat, Uttar Pradesh and Karnataka.

Responding to the criticism that farmers in some places are not receiving compensation from insurance firms due to delayed contributions by state governments and consequent claim rejections by insurers, NITI Aayog member Ramesh Chand had told FE earlier that crop insurance should not be seen as "some kind of investment scheme" with guaranteed annual returns. He admitted that some states had indeed faltered on paying their share of premiums on time in the initial seasons.

"Crop insurance is a complex problem everywhere in the world. The US Department of Agriculture (USDA) representatives were recently here to discuss India model," Chand had said. According to USDA data, the claims ratio for US Federal crop insurance scheme ranged from 40% in 2016 to 157% in 2012, depending on weather and drought conditions.

(The writer is Prabhu datta Mishra.)

Source

TOP

MOTOR INSURANCE

One-time payment from vehicle buyers to fund higher compensation to hit & run victims - The Economic Times – 2nd April 2019

You may have to make a one-time payment of up to Rs 500 while buying a new vehicle as the government would need around Rs 800 crore annually to pay compensation in hit and run cases. The new funding mechanism to pay the compensation would commence once the Supreme Court gives its go ahead.

The Supreme Court is scheduled to hear a case on Wednesday where the framework for paying Rs 2 lakh compensation to kin of dead and Rs 50,000 for injured persons is likely to be submitted.

The apex court in February had accepted the recommendation of the court-appointed committee on road safety to increase the minimum compensation for death in a hit and run case from Rs 25,000 to Rs 2 lakh. It had also asked all stakeholders, including the Centre, to hold consultations to frame a scheme of payment. The court is scheduled to take up the case on Tuesday.

Currently, the compensation for injured persons is Rs 12,500. In 2017, nearly 26,000 people were killed in hit and run cases and another 60,000 were left injured. TOI has learnt that the compensation framework may set a time limit of 90 days for disbursal of compensation.

Hit and run cases are those where the accused vehicle and their owners are not identified and traced. In such cases, the compensation is released from a dedicated solatium fund and currently General Insurance Corporation manages it.

A bench of Justices S A Bobde, Deepak Gupta and Vineet Saran had recently asked the Centre and the apex court's amicus curiae, advocate Gaurav Agarwal, and other stakeholders to submit a scheme for a "faithful distribution of the amount, which may be paid over to the victims of hit-and-run motor accident cases".

Though the government had moved amendments to the Motor Vehicles Act to increase the compensation in hit and run cases, the bill could not be passed and has lapsed. "In such a situation, SC direction would help putting a framework in place," said a government functionary.

(The writer is Dipak K Dash, Editor, The Economic Times)

TOP

Source

Relief for motorists; no change in third-party insurance premium rates – Financial Express – 2nd April 2019

There will be no change in the annual premium for motor third-party insurance cover for the new financial year, the Insurance and Regulatory Development Authority of India (Irdai) has said.

According to market participants, the move is expected to provide relief to policyholders as every year premiums for third-party cover are increased by 10-30%."It is hereby notified that by virtue of powers vested in the Authority under Section 14 (2) (l of IRDA Act, 1999, the Irdai hereby extends the validity of premium rates set out in the aforementioned order beyond March 31, 2019, until further notice. In other words, insurers shall continue to charge the rates currently being charged for Motor Third Party Liability insurance Cover from April 1, 2019, until further orders," Irdai said it its order.

Motor insurance comprises two types — own damage and third-party. Third-party is mandatory, with premium being fixed by the regulator on an annual basis. Insurers, on the other hand, fix their own rates for own damage and personal accident (CPA) cover. Last fiscal, it was announced that a new vehicle should mandatorily have three-year car insurance and five-year bike insurance for third-party liabilities. Irdai had earlier asked insurers to provide a minimum cover of Rs 15 lakh under CPA for owner-driver vehicles at a premium of `750 per annum for annual policies for both cars and two-wheelers. Insurers had an option to offer higher covers in multiples of `1 lakh or `5 lakh too, but the minimum has to be Rs 15 lakh.

"This will come as some relief to policyholders as we are expecting rates to be higher by at least 15-20% for this fiscal. But we have to see whether the regulator raises the rates in the months to come," a private sector non-life insurance company official said.

TOP

Source

Third-party motor cover: New rates likely to come into effect from June - The Hindu Business Line – 1st April 2019

The Insurance Regulatory and Development Authority of India (IRDAI) may announce the premium rates for motor third-party cover from June, according to sources close to the development.

Last week, in a surprise move, the IRDAI extended the validity of the premium rates set for 2018-19.

"The IRDAI, hereby, extends the validity of premium rates set out in the aforementioned order beyond March 31, 2019, until further notice. In other words, insurers shall continue to charge the rates currently being charged for motor third-party liability insurance cover from April 1, 2019, onwards until further order," it had said.

The move has surprised the industry, which has been expecting at least a 10 per cent hike in rates, in line with rising costs, though most general insurers are keeping silent on the issue.

"It is likely that the IRDAI requires more time to study the report on third-party motor costs for 2019-20, which was submitted some time back.

"Further, with general elections around the corner, it could be possible that it has chosen to hold back the new rates until June," said a person familiar with the development. An executive with a general insurance company said that unlike in previous years, this year, the regulator has not shared the draft report on the new rates.

"There is an expectation that the new rates will be put into effect from June 1, as many companies are finding it difficult to break-even at the current rates," he said.

Third-party insurance policies are mandatory by law and account for nearly 40 per cent of the general insurance market.

Last year, IRDAI had reduced third-party premium for small cars not exceeding 1,000cc, although it had increased rates for bikes with higher engine capacity.

(The writer is Surabhi.)

TOP

Source

Getting a very low premium for motor, bike insurance renewal? Policy could be fake - The Economic Times – 1st April 2019

In February, Mumbai Police busted a gang that sold over 800 bogus motor insurance policies to gullible two-wheeler owners over two years. With premiums shooting up after long-term third party covers were made mandatory, frauds offering "cheaper" alternatives are also on the rise. We tell you how not to fall prey to such rackets.

The modus operandi

The frauds usually call two-wheeler owners claiming to be motor insurance agents. They promise heavy discounts on premiums and add-on covers, provided the policy is renewed through them. Once they get the cheque, the policy is issued. Trouble starts when the policyholder files a claim. Then they are told by the insurer that the policy is fake and the agent is untraceable.

The kingpin of the gang busted in Mumbai was Prashant Suttar, CEO of an insurance intermediary. With his accomplices, Suttar targeted two-wheeler owners whose policies were up for renewal. "To find potential victims, he accessed the RTO database in connivance with an RTO agent who has also been arrested," says Dileep Sawant, DCP (Detection), Crime Branch, Mumbai Police.

The insurance seekers were asked to make the payment in favour of the accused instead of the insurer. Suttar then used forged letter heads and stamps to issue fake policies. "He even got his employees to deliver copies of these 'policies' to the victims. He also paid off smaller claims of up to `50,000 from some victims to avoid being exposed," adds Sawant. His luck ran out when a potential victim tipped off cops.

Be alert

"Issuance of a fake policy is a common fraud," says Kapil Mehta, Co-founder, Securenow.in. The issue has attracted attention thanks to the mandatory long-term third party covers that two-wheeler and car owners have to purchase. "The premium for vehicle insurance has increased drastically. This has given fraudsters a chance to peddle fake policies, which come at much lower premiums than genuine policies," says Sanjeev Dwivedi, Head, Investigation and Loss Mitigation Team, Bajaj Allianz General Insurance.

Sometimes even the automobile dealers are involved in the fraud. "A dealership in Maharashtra was caught issuing fake policies. The dealership deducted a premium from the customer, ostensibly for motor insurance. It issued fake polices by editing the soft copy of an original policy that belonged to another customer," says Dwivedi.

The offline medium involving dealers, bancassurance channels and other intermediaries is more susceptible to frauds. "There have been cases where the fraudsters have even set up websites and call centres. A number of incidents of fraudsters operating outside regional transport offices have been unearthed," adds Sanjay Datta, Chief, Underwriting, Claims and Reinsurance, ICICI Lombard. Then there are fake cover notes. Frauds collect the premium, issue a cover note promising a policy, which never comes. "Sometimes, the policies are authentic, but frauds collect higher premium for add-ons, which might not be part of the policy," says Datta.

(The writer is Preeti Kulkarni, Editor, The Economic Times)

TOP

Source

India: IRDAI freezes mandatory motor tariffs for FY2020 – Asia Insurance Review

The IRDAI has decided against any change in the premium rates for motor third party liability insurance cover for the financial year starting 1 April 2019 (FY2020), contrary to earlier media reports that the tariffs would be hiked.

IRDAI, which usually revises the rates annually, said last week that the existing premium rates, which were to have been valid until yesterday, are being extended until further notice. However, comprehensive motor insurance, which includes both third-party liability and own damage coverage, may still see a 10-15% increase as non-life insurers attempt to reduce underwriting losses, reported *Money control.*

“We are reviewing rates and will have to increase total package rates to compensate for zero hike in the liability segment,” said the head of products at a large general insurance company. Insurers are allowed to price the own damage component of the coverage, while third-party liability premiums are fixed by the IRDAI.

One reason for freezing motor third party liability insurance tariffs is that the rates saw an additional hike in FY2019. This was implemented with effect from last September when a Supreme Court order made it mandatory to buy three-year car insurance and five-year bike insurance for third-party liabilities.

Another reason is the forthcoming general election scheduled to be held in phases from 11 April to 19 May 2019. Premiums could rise after elections, said an industry official.

The suspension follows hikes announced for the last six years when third-party premiums increased by 10-40% every year.

Source

TOP

INSURANCE CASES

Insurer can’t cite lapsed fitness certificate, escape liability: Karnataka high court – The Times of India – 2nd April 2019

If the fitness certificate issued to a vehicle lapses, it doesn’t suggest the permit issued to it is either revoked or cancelled, observed the Karnataka high court. The court made the observation while dismissing an insurer’s contention that it is not liable to pay compensation because the insured offending vehicle’s fitness certificate had lapsed.

It referred to a full bench verdict of Kerala high court in 2015, which held that the lapsing of a fitness certificate would constitute breach of the provisions of Motor Vehicles Act and Rules.

“However, there is nothing under section 56 of the Motor Vehicles Act, which suggests that the registration or permit issued would stand cancelled or revoked on account of lapse of period of fitness certificate,” said Justice Mohammed Nawaz.

The judge said Rajesh Poojary, owner of the offending truck, and Future General India Insurance Company are liable to pay the compensation and directed them to settle the amount in four weeks.

The case pertained to a road accident in which Rajesh, a factory worker, sustained injuries on April 1, 2011. Rajesh was riding his bicycle from Belman side towards Karkala after work. When he reached Bramari Cross, Nitte village, a speeding truck hit his cycle. Rajesh sustained grievous injuries on his left hand and his left foot was crushed under the wheels of the truck.

Rajesh was immediately rushed to hospital and later shifted to AJ Hospital where he stayed as an in-patient from April 1 to May 27, 2011. Surgeries were conducted on his left hand, left foot and three toes of the foot were amputated.

A case was registered under IPC sections 279 and 338, rule 52 of Central Motor Vehicle Rules and Motor Vehicles Act section 192. Thereafter, the Motor Accidents Claims Tribunal (MACT), Mangaluru, allowed victim Rajesh's claim. On April 6, 2013, the tribunal directed truck owner Rajesh Poojary to pay the accident victim Rs 3.9 lakh as compensation.

Poojary challenged this verdict, arguing that though the fitness certificate had lapsed, the offending vehicle had a valid insurance policy and the driver was having a valid driving licence. He claimed the tribunal was not right in fastening the liability only upon the owner.

(The writer is Vasantha Kumar.)

TOP

Source

Firm fined for repudiating vehicle insurance claim - The Tribune – 1st April 2019

The district consumer disputes redressal forum has directed an insurance company to pay Rs 50,605 for a vehicle insurance claim and Rs 5,000 as compensation along with Rs 3,000 as litigation expenses to a complainant.

Rinku Kumar, a resident of Kot Mit Singh, had filed a complaint against United India Insurance Company Ltd, stating that he got his auto rickshaw insured from the opposite party after paying a premium of Rs 11,112. He said that during the tenure of the said policy, the vehicle met with an accident on Batala Road when he was returning home at about 2.30 am on May 5, 2017, as the vehicle collided with a Municipal Corporation (MC) vehicle. He claimed that he spent Rs 56,330 on its repair, but the opposite party repudiated the claim on "flimsy" grounds that the complainant was not having a valid permit and the vehicle was being used in the municipal limits.

The opposite party, in its reply, stated that at the time of the accident, the complainant was not having a permit to ply his vehicle as the same was issued on May 9, 2017 by the DTO. It stated that the stamp on the permit read, "Motor cab (5+1) are not allowed in the municipal area of Amritsar city as per the orders of the Punjab and Haryana High Court." As such, the complainant was not permitted to ply his vehicle within the MC limit, reasoned the opposite party.

The forum stated that the plea of the opposite party that vehicle met with accident before the permit was issued is not reasonable as complainant had fulfilled his duty by depositing the fee well before the date of the accident.

The second plea of the opposite party that the complainant was not permitted to ply his vehicle within the MC limits and that the complainant had violated the provisions of the Motor Vehicle Act, the forum stated that as the accident took place before the date of issuance of the certificate, the instructions were not binding upon the complainant. The forum also observed that the complainant was going to his home and had no commercial interest at the time of accident.

TOP

Source

'CNG kit can't void insurance claim' – The Times of India – 31st March 2019

Installing a CNG kit in your car will not make you ineligible for insurance claims. A consumer court ordered an insurance company to pay 75% of the total insured value of a car that caught fire.

The deduction was because the owner fitted a CNG kit much after the purchase of the vehicle and he did not intimate the authorities and the insurance company about the changes made to the vehicle.

The Consumer Dispute Redressal Forum, Ahmedabad (city) last week ruled that installing a CNG kit in a petrol vehicle and not intimating the authorities and the insurance company was a violation of the policy conditions, but it was not a fundamental and material deviation from the policy conditions that should prevent the car owner from receiving the claim amount. Moreover, the cause of the fire was not attributed to the CNG kit being fixed in the vehicle, it observed.

In this case, a resident of Rakhial, Jayanti Parmar, fitted a CNG kit to his patrol car. While he was returning from Shamlaji, his car suddenly caught fire. As the vehicle was written off as a total loss, he claimed the full insured declared value of Rs 2.5 lakh. New India Assurance Co Ltd rejected his claim on the ground that the surveyor's report revealed that a CNG kit had been fitted to the vehicle, but the registration (RC) book did not mention that the car's status was changed to a dual-fuel vehicle. Intimation was also not given to the company. Since there was an attempted misrepresentation of the facts, Parmar was not entitled to get the insurance payout.

After hearing the arguments, the consumer court ordered the insurance company to pay 75% of the total insurance amount of Rs 2.5 lakh, or Rs 1, 87,500. The charge of salvaging the vehicle and police access was deducted and the court ordered the insurer to pay a total of Rs 1, 76,500 to Parmar with 8% interest.

The consumer court noted that the rejection of claim was without justification and amounted to a deficiency in service and unfair trade practice by insurer. The court ordered the insurer to pay an extra Rs 5,000 towards compensation for mental agony suffered by the car owner and his legal expenditure.

Source

TOP

Chandigarh: Insurance firm rejects claim, to pay Rs 1 lakh - The Economic Times – 30th March 2019

The district consumer disputes redressal forum directed National Insurance Company and Vipul MedCorp Insurance TPA Private Limited to pay Rs 17,000 as compensation for rejecting claim to a Panchkula resident. They were further directed to pay Rs 1.03 lakh with 9% interest per annum.

In her complaint, Kaushalya Sharma, a resident of Sector 21, stated that she was admitted in Fortis Hospital for treatment of an illness during the coverage period. The said hospital had asked for pre-authorisation for treatment from the insurance company, which was granted on March 25, 2017. It was averred that upon receipt of pre-authorisation, the complainant was admitted in Fortis on March 28, 2017 and was discharged the next day. However, despite giving pre-authorisation for treatment, the insurance firm refused to pay the amount to the hospital and as such, the complainant had to pay the hospital bill of Rs 1.03 lakh.

In its reply, the company stated that the complainant was hospitalised where she was provisionally diagnosed as a case of 'rheumatoid arthritis' with complaint of joint pains. They said the procedure undergone is normally done on outpatient basis as it is not a surgical procedure and does not require hospitalisation. It was stated that it does not even require general or local anesthesia for administration of the injection and this procedure is considered under day care treatment, therefore, when the final papers were received from the hospital, the cashless facility was denied. It was also stated that the firm had specifically said 'the administration of the said injection is not justified, hence previous PAC stands cancelled'.

The forum after hearing both sides stated that the stand taken by the insurance company that the procedure undergone by the complainant is normally done on outpatient basis and it does not require hospitalisation, is not tenable. "It appears that the claim of the complainant has casually been dealt with and cancelled by the insurers by observing that administration of 'rituximab injection' does not need any hospitalisation."

The forum added that insurers have not placed on record any cogent evidence in this regard, neither an affidavit of the person concerned who made such observation has been brought on record nor it has been proved that the observation made was having any basis from medical source. Stating deficiency in service on the part of insurers, the forum directed them to pay up.

(The writer is Kamini Mehta.)

Source

TOP

INTERVIEW

Ayushman Bharat: 50% of empanelled hospitals are from private sector, says CEO - The Economic Times – 4th April 2019

Unless we have a rate which is viable and we pay the hospitals on time, the enthusiasm of the private hospitals and even public hospitals will be muted, said Indu Bhushan, CEO, Ayushman Bharat, in an interview with ETNOW.

Edited excerpts:
What is the size and scale of Ayushman Bharat?
It covers 50 crore people. So far in the last six months, more than 18 lakh people have benefitted already. Most of these 18 lakh people have gone to the private sector. Right now, more than 15,000 hospitals are empanelled and 50% of those are from the private sector.

So, the private sector actually has been a good part of the story. Unless we have a rate which is viable and we pay the hospitals on time, the enthusiasm of the private hospitals and even public hospitals will be muted.

In this scheme, we want to make sure that the hospitals are paid on time and so far in the last six months in general, we have not received any complaint from hospitals that payments are getting delayed. There are a couple of instances that we have heard about that and we have followed up and made sure that payments are done on time.

In terms of the increase in the footfalls, it is early days yet but I have had interactions with some hospital chains and they have informed me that because of Ayushman Bharat, in the last six months, the footfalls have increased by about 20% in their hospitals.

So, we have opened the doors of private hospitals for the first time to the 40% poorest people in the country, that is about 50 crore people, and obviously the volumes are going to increase slowly but surely.

What is the outlook in terms of the pricing of the various schemes on Ayushman Bharat? At these levels, will hospitals be able to make decent margins?
We have some packages where there is a decent margin and I have to admit that there are some packages where the margins are not there or in some cases, it may not even be taking care of the marginal cost.

We are looking at it, we have a team and we are working with the department of health research and DGHS to look at the packages and see if they can be rationalised. If you look at the whole package, in some, you are making some money out of some packages and in some packages, maybe you are losing money.

Overall hospitals are doing well but we want to make sure that we are supporting the marginal cost at least. At least the marginal cost is covered because unless we cover the marginal cost of all hospitals, they will not be keen to join and even if they join, they will not be keen to provide the service since they will be losing money.

Do you think a lot of hospitals have come in the forefront for expansion of the scheme?
Close to 8,000 private hospitals are part of the scheme and we have large number of applications pending and slowly as we are rolling it out more and more hospitals are coming on board. So right now we are covering 40% and if you include other government schemes, probably it is covering about 70%.

There is a move towards some convergence between all these schemes and so we should have same packages, same rates and same process, same IT structure and when that happens, then 70% of the population will be covered through a variety of schemes which are working together. In that case, probably private hospitals will have to work with these groups. Otherwise, they are looking at only 30% of the market in the country.

TOP

Source

PENSION

Good news for salaried! You will get higher pension now; here is why – Financial Express – 2nd April 2019

With the start of the new financial year, 2019-20 came the good news for the salaried individuals as far as their pension in the post-retirement life is concerned. The Supreme Court on April 1, 2019, dismissed the special leave petition (SLP) filed by the EPFO against a Kerala High Court judgment.

This is what the Supreme Court wrote in its latest judgment – "We find no merit in the special leave petition. The same is, accordingly, dismissed."

Higher pension based on higher wages
In 2014, the government had issued a notification bringing out some major changes in the way Employees' Pension Scheme 1995 works.

According to Notification No.GSR 609(E), dated 22.08.2014, from September 1, 2014, the monthly pensionable wage ceiling for the Employees' Pension Scheme 1995 was enhanced from Rs 6500 to Rs 15000. The mode of calculating the average pensionable wage was also changed.

The most contentious rule was to submit a fresh mandate jointly by the employee and the employer if they had already opted for a pension on higher salary i.e. above Rs 15,000. Such submission was to be made within a fixed time frame of six months from the date of notification.

In 2016, the Supreme Court had already made it clear that there need not be any cut-off date and employees are eligible for pension on a higher salary. EPFO had started addressing such issues and pension on higher salary was made available to some of the pensioners.

In December 2018, the Kerala High Court had quashed this Notification No. GSR 609(E) and also had set aside the various orders and proceedings related to that notification. "The issue that has been addressed in the judgment is specifically for the people who were covered before 1st Sept 2014.The people may have contributed amounts in excess of the limit prescribed as there was a provision for higher contribution based on mutual consent of the employee and the employer. However, due to the amendment of 2014, their pension amount is calculated on the basis of a maximum of Rs 15,000 per month. As a result, there are people who are going to get a lower amount than what they should have received before this amendment," says Rishi Agrawal, Co-Founder and CEO, Avantis.

In response, the EPFO filed a special leave petition against the Kerala High Court Order in the Supreme Court, which has now been dismissed completely. "The judgment passed by Kerala High Court has taken cognizance of this issue and has said that the amendment is not sustainable and needs a review to ensure that employees and current pensioners are not at a loss," says Agrawal.

How EPS works

The contribution by an employee towards the PF is 12 per cent of one's basic salary and an equal amount is contributed by the employer. However, out of the employer's share of 12 per cent, 8.33 per cent is diverted towards the Employees' Pension Scheme. The amount that goes into EPS is, however, capped at 8.33 per cent of Rs 15,000 and not the actual salary. This means a maximum of Rs1,250 (earlier Rs 541) can go into EPS every month, while 3.67 per cent of employer's contributions stay in the PF of the employee.

Pension Calculation

As the contributions into the EPS is capped, so is the per month pension for the employee after retirement. The maximum monthly pension would be Rs 7500, as the pensionable salary is capped at Rs 15,000 and the service period at 35 years.
The pension is calculated based on the formula:
(Pensionable Salary * service period) / 70

Conclusion

There has been enough of back and forth with the new rules and guidelines. Taking the legal course is nothing more than buying time in the implementation of proper rules. EPFO and the government need to come out with a long term pension framework keeping in mind the interest of the existing employees, new employees looking to join the workforce in future and also that of the retired population.

Rules need to be devised based on the consultation between all the affected stakeholders and not on the ad-hoc basis that would need revisions very often. It is high time government recognises the need for a robust pension mechanism for the working class that can provide a decent base level retirement income to the retired.

(The writer is Sunil Dhawan.)

Source

TOP

PPF withdrawal rules 2019: Taxable if withdrawn before 15 years or after 7 years but before maturity? – Financial Express – 29th March 2019

Public Provident Fund (PPF) is considered as one of the best tax-saving investment options due to its benefits in every step – the investment amount is eligible for tax deductions under Section 80C of the Income Tax Act, the interest earned is also tax free and so is the maturity amount. So, it is an Exempt-Exempt-Exempt (EEE) category of investment.

Moreover, amounts deposited in PPF accounts also enjoy sovereign guarantee of the Government of India and are fully secure.

However, the government has put some restrictions on PPF, because apart from the sovereign guarantee, the investors also enjoy higher interest rates and benefits like tax deductions u/s 80C and tax-free maturity. So, an earning person may open accounts for self and child, but total investments in a financial year should not cross the statutory limit, which is equivalent to the 80C limit and currently is Rs 1, 50,000.

Hence, a PAN card holder cannot open more than one account in his/her name, be in the same or different bank(s) or Post Office(s). He or she may open accounts for his/her minor children, but total investments in PPF against a single PAN cannot exceed the statutory limit, which is now Rs 1,50,000 in a financial year.

While the maximum limit is Rs 1, 50,000, the minimum amount needs to be invested per year is Rs 500 to keep an account active through the tenure of 15 years. After completion of 15 years, the account may be extended any number of times for a block of 5 years each.

Although the tenure of a PPF account is 15 years, but there are provision of some liquidity in form of loan facility and partial withdrawals. While an account holder may opt for loan after completion of 3 years from the date of opening of the account, partial withdrawal facility will be available from seventh year onward from the date of opening of the account.

Another important aspect of PPF is that, along with maturity amount, the amounts of partial withdrawals are also tax free in the hands of the investors, keeping the privileged EEE benefits intact even for withdrawals made before 15 years or after 7 years but before maturity.

TOP

Source

IRDAI CIRCULAR

The IRDAI issued circular regarding Cross Border Reinsurers granted approval under Regulation 4 of IRDA (Re-ins) toall CEOs/CMDs of all insurance/ reinsurance companies & foreign reinsurance branches.

TOP

Source

IRDAI issued Exposure draft on the guidelines on settlement of personal accident and benefit based health insurance claims in installments.

TOP

Source

GLOBAL NEWS

U.S. government boosts 2020 Medicare payments to insurers by 2.53 percent - The Economic Times – 2nd April 2019

The U.S. government on Monday said it would increase by 2.53 percent on average 2020 payments to the health insurers that manage Medicare Advantage insurance plans for seniors and the disabled, a reflection of a new estimate on medical cost growth.

The rate, which affects how much insurers charge for monthly healthcare premiums, plan benefits and, ultimately, how much they profit, represents an increase over the 1.59 percent increase proposed by the Centres for Medicare &Medicaid Services (CMS) in February.

The government raised the final payment rate from the proposed rate after revising its estimate for increases in medical services for next year. Its final estimate of that growth rate is 5.62 percent compared with 4.59 percent in its February proposal.

"Most of the puts-and-takes remained the same as proposed, but CMS upped the growth rate, which is definitely helpful in 2020," said Ipsita Smolinski, managing director at healthcare research consulting firm Capitol Street.

Medicare Advantage plans serve more than 20 million people, most of them aged 65 and older.

Shares in insurers were unchanged in after hours trading. UnitedHealth GroupInc, Humana Inc, CVS Health Corp, through its acquisition of Aetna, and Well Care Health Plans Inc are the largest sellers of Medicare Advantage health insurance.

Under the program, they are paid a set rate by the government to cover member healthcare costs.

In addition to medical costs, the government's 2020 payment rate also factors in other changes in policies, such as quality of care related payments that may result in declines or increases from year to year.

For instance, the 2020 rate reflected a decline in payments of 3.08 percent related to the Affordable Care Act requirement that Medicare Advantage and fee-for-service Medicare have the same payment structure.

Starting in 2020, Medicare Advantage plans will also be able to offer supplemental non-health related benefits to chronically ill enrolees that address their social needs, CMS Administrator Seema Verma said. Those can include needed structural changes to the home, such as adding ramps and widening doorways.

The plans can tailor these offerings to individuals, and the offerings could increase competition between plans, Verma said.

Previously, plans have only been allowed to offer health related benefits.

Medicare Advantage competes with the traditional Medicare fee-for-service program. Both have grown as the "Baby Boomer" generation ages into Medicare. Together, they cover more than 55 million people.

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Source

China: Basic medical insurance fund scammed of at least US$149m in 2018 – Asia Insurance Review

More than 66,300 medical institutions and drugstores across China were punished last year for violating health insurance regulations during a nationwide campaign launched by the authorities in September to crack down on insurance scams.

Of the 66,300 errant entities, more than 1,200 have been disqualified from receiving payments from the state-run basic medical insurance fund, and more than 480 suspects have been transferred to judicial organs for criminal investigation. CNY1bn ($149m) was recovered as a result of the investigations, reported *China Daily*.

The probe last year uncovered practices such as deceiving or luring patients to spend money on unnecessary treatments, using social security cards without the knowledge of their holders and charging for nonexistent services to get money from the medical insurance fund, according to a statement from the National Health Commission.

Other illegal practices and irregularities included medical institutions and physicians trading or renting permits or certificates to practise medicine, practising medicine without a licence, publishing false medical advertisements on social media and providing unnecessary diagnoses or treatment for profit. These malpractices will be of practical reference too to commercial health insurers.

Following last year's special anti-fraud campaign that was launched by the National Healthcare Security Administration, medical institutions across China will also be audited this year for fraudulent practices involving the medical insurance fund. A new drive was launched in March by eight central government departments, including the National Health Commission, National Medical Products Administration and State Administration for Market Regulation.

The medical institutions to be scrutinised include major public hospitals, grassroots clinics, private hospitals and drugstores.

The administration will also explore the creation of a blacklist system for medical institutions, doctors and insurance subscribers that have seriously violated insurance regulations.

More than 95% of the population is covered by the state-run basic medical insurance programme, which are heavily subsidised by the government, according to the National Healthcare Security Administration.

Total revenue of the basic medical insurance fund exceeded CNY2.1trn last year, and expenditure reached nearly CNY1.8trn, it said.

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Source

InsurTech: Speed triumphs over scale for digitally savvy insurers – Asia Insurance Review

Achieving 'economies of speed' is much more important in today's digitally-powered environment than developing the traditional notion of 'economies of scale', according to Google's financial services lead for Singapore Duncan Foster. This would mean being opportunity-driven and having the ability to test and learn in a rapid manner.

Speaking at the Asia InsurTech Summit 2019 organised by *Asia Insurance Review*, Mr Foster said that insurers would have to respond dynamically to the high expectations that customers have of businesses today.

“You are competing in an era where customer experience is the best it has ever been,” he said.

While insurers have always been driven by the need for internal efficiency, digitally-savvy customers today demand that you focus on customer efficiency.“

When asked by a member of the audience about the type of customer experience that businesses would need to strive for, he said that the answer is to have a blend of online and offline channels for customers to select for interactions in a seamless and consistent manner.

The summit was chaired by Mr Stephen Collins, Partner at NMG Consulting, whose work in bridging the gap between start-ups and traditional insurers provides him with unique insights in the InsurTech space. He pointed to the low success rate among InsurTechs, while acknowledging that cultural change among traditional insurers remains a work in progress.

However, he pointed out the reality that insurance remains a highly regulated business and InsurTechs would be well-served to align their creative energy with the regulatory and compliance aspects of the industry.

This year's summit, which attracted 200 delegates, is sponsored by NMG Consulting.

The three-day conference ends tomorrow with an 'Innovation Lab Crawl' during which registered delegates will go on a half-day tour of three insurance innovation labs that have been operating in Singapore's dynamic FinTech sector.

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Bangladesh: Insurance market grows at fastest rate in 8 years last year – Asia Insurance Review

The insurance sector's premium income growth hit an eight-year fastest rate last year thanks to heightened efforts by insurers to revive lapsed insurance policies.

In 2018, the insurance industry's gross premium income stood at BDT124.38bn ($1.47bn), up 11.25% year-on-year, according to data from the Insurance Development and Regulatory Authority (IDRA).

The last time a higher premium income growth was seen was back in 2010 when the rate was 18.59%. From 2011-2017, it stayed at single digits, reported *The Daily Star*.

In 2018, growth of new life business was 9.16%, slower than the 16% growth registered in 2017. For non-life insurance, premium growth was 11.7% in 2018, marginally faster than the 11.1% logged in for 2017.

The top life insurance companies in Bangladesh are: MetLife, Fareast, National, Popular, Delta, Jiban Bima Corporation, Meghna, Prime, Pragati and Rupali. The top non-life insurance companies are: Green Delta, Sadharan Bima Corporation, Pioneer, Reliance, Pragati, Eastland, Rupali, Phoenix, Nitol and Bangladesh General Insurance.

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Taiwan: Island's insurance sector has world's highest proportion of overseas investments – Asia Insurance Review

Taiwan's insurance industry has the world's highest proportion of investments placed overseas, according to the Financial Securities Commission (FSC).

The scale of overseas investments of the Taiwanese life insurance industry stands at NT$16.7trn ($542bn), accounting for 68% of the total funds, which makes the life insurance industry face strong foreign exchange pressures.

Mr Wellington Koo, FSC chairman said that the regulator will study the overseas investment rules of the insurance industries of other countries, reported *United Daily News.*

Mr Koo said that the ceiling on overseas investments by the insurance sectors of the US and South Korea is 20%, and China and Malaysia, 10%. MrKuoJeng-Liang, a lawmaker, pointed out that the proportion of overseas investments of Japan's life insurance industry is 21.6%. The ratio in South Korea is 8.3%; mainland China, 2%; and the US, 12%.

TOP

Source

New Zealand: Time now for serious debate on Nat CAT protection – Asia Insurance Review

The chief executive of the Insurance Council of New Zealand has said that it is time for serious debate about whether New Zealand residents can expect that no matter what happens, either insurers or the government will always put them back to where they were before catastrophe struck.

Mr Tim Grafton asked, "Should we expect there be an open-ended commitment to pay for losses, whatever the cost or circumstances? Wouldn't that serve to remove the incentive to share or reduce risk?"

He said that economic losses from the 2010-11 Canterbury earthquakes were about NZ$40bn ($27bn), or 20% of GDP at the time. He said, "The insurance and reinsurance sectors met about NZ$34bn of that cost, something they were able to do because we have the highest levels of property insurance penetration in the world."

He also said that the November 2016 Kaikoura earthquake caused about NZ$1.5bn of insured losses in Wellington even though the quake's epi-centre had been about 200km from the capital.

The way insurers work out how much capital they need is to rely on models that calculate the probable loss incurred for such events, he said. Following the Canterbury earthquakes, which proved the models to be more than 100% incorrect, the companies that create the models recalibrated New Zealand's risk to achieve more accuracy. One of these models, finalised in the last couple of years, showed a 30% increase in New Zealand's projected annual average loss due to earthquakes.

One of the casualties of the Canterbury earthquakes was a New Zealand insurer, the old AMI. It was insuring about one-third of all the homes in Christchurch and was unable to meet its commitments to its policyholders after the earthquakes because it was overexposed. Exposure, then, is also an important consideration for insurers.

He said that the fundamental issue is about how much risk individuals, Earthquake Commission, insurers and the government should take on and how much everyone should all be investing in reducing risk.

He said, "In a post-Canterbury, post-Kaikoura world, these are the difficult topics we need to be discussing. The sooner we start, the better."

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Source

Reinsurance: 1 April pricing highlights reinsurance market's stability and maturity -- Willis Re – Asia Insurance Review

Reinsurers have adopted a rational rating approach at the 1 April 2019 renewal with price increases of up to 25% targeted towards loss-affected contracts and programmes. These rate increases were balanced by flat renewals for loss-free classes and programmes, according to the latest 1st View renewals report released yesterday by Willis Re, the reinsurance division of Willis Towers Watson, a leading global advisory, and broking and solutions company.

Continued high levels of market capitalisation both from traditional reinsurers and Insurance-linked securities (ILS) markets were the key to reinsurers' rational pricing responses.

Some buyers sought to purchase greater capacity both on an aggregate or occurrence level and the market was able to respond with capacity being constrained only when price was an issue. Meanwhile, for many buyers, long-term relationships remained more important than the modest rate reductions offered in some non-catastrophe, loss-free classes. ILS markets remained a small but unchanged force in Japan, with some increase in appetite from a few funds in a handful of areas.

Willis Re global CEO James Kent said, "As the global reinsurance market looks to address the current supply demand imbalance, being able to demonstrate a stable and rational base plays an increasingly important role when developing and promoting solutions to new buyers and core clients".

Highlights

In the aviation sector, the ongoing Ethiopian Airlines / Boeing 737 MAX Grounding Liability claim could potentially be the largest ever non-war claim the market has incurred. The claim could erode three to four years' worth of reinsurers' global excess of loss premium. Otherwise, the direct aviation markets have carried their momentum from the fourth quarter of 2018 into the new year.

Although there were few major renewals in the opening months of the year, premium rates have been increasing across all business lines. This trend is driven by M&A and some withdrawals in 2018 constricting market capacity, following several unprofitable years.

Cyber books continue to grow, and more standalone treaties come to market. As the original market continues to soften, some reinsurers have indicated a limited appetite for growth in this line.

Globally, accumulation and aggregation concerns (both within cyber and silent cyber) remain on everyone's agenda leading to increased interest in clash and stop loss solutions. Meanwhile, pressure from regulators and those charged with market oversight has led to an improvement in reducing silent cyber exposure. There has also been a greater focus on clarifying definitions of war and cyber terrorism, together with associated exclusions and carve-backs.

India saw significant price increases on loss-affected Nat CAT programmes, after the flood losses in Kerala, as some risk programmes suffered sizeable losses. GIC Re continued supporting proportional programmes but took strong measures to improve the pricing and underwriting on the underlying portfolios. Foreign reinsurers also showed optimism in supporting proportional programmes.

In Japan, Nat CAT pricing remained 'orderly', with reinsurer capacity staying stable. This despite the losses suffered through Typhoon Jebi. However, the typhoon did have an impact on the marine sector, which saw price increases in all loss-affected marine programmes.

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