भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

INSUNEWS

Weekly e-Newsletter

5th – 11th June 2021

Issue No. 2021/23

QUOTE OF THE WEEK

"It takes but one positive thought when given a chance to survive and thrive to overpower an entire army of negative thoughts."

Robert H. Schuller

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Cancel and rewrite

Refers to an insurer's cancellation and reissuance of the same policy. Typically used to switch a policy renewal to a new date.

INSURANCE INDUSTRY

View: Insurance for the digital natives - The Economic Times – 9th June 2021

Insurance is not the most talked about topic, given how traditional it is, and how youths may understand the importance but not bother with it. InsurTech startups have repackaged insurance attractively to appeal to youths, who are underinsured with only 52% of millennials holding life insurance, according to findings from LIMRA. The rationale behind this is that 80% of millennials have bigger financial priorities than insurance, including living expenses, student loan debt, and their focus on experience over settling in a permanent residency. With a changing lifestyle compared to counterparts of the previous generation, their perception of risk has changed, along with the way they handle this risk, be it with InsurTech or not even getting insured.

Younger consumers have contemporary lifestyles and preferences including an even greater need for speed and digital self-servicing with COVID-19, which many traditional insurers are slow to keep up in the product and services they provide, while agile InsurTech could provide tailored and real-time services and a seamless customer experience. More than half of insurance customers (nearly 52%) interviewed as part of the World Insurance Report (WIR) 2018 placed high importance on mobile, internet, or website channels for conducting insurance transactions. Such change in consumer behaviour is visible across industries and functions, where shopping, education, information exchange and more have seen a push in digitalisation. The challenge here is not only the tech integration, which can be done by tech hires or acquisition, but the people and culture within insurance companies that may struggle to adapt at the same pace.

Needs	Solutions	Fintech Start-ups
Easy to use, simplified terms without financial jargons	Repackaged policies with youth lingo	Lemonade, DeadHappy
Flexible and broad to meet new needs that came with changing lifestyle	On demand insurance and bespoke policies that protect things that matter to the youths	Brolly, Reposit, Lemonade
Affordability and easy comparison between different providers	A different pricing model to allow youths to reach the most competitive price	Honcho
Mobile First Experience	Easy application and filing for claims leveraging on mobile technology, auto generated quotes and chatbots. Access for wherever they are in the world.	Lemonade, DeadHappy, PolicyPal
Resolving skepticism with trust	Transparent pricing Less commission-driven insurers Referral from friends as youths are more comfortable to discuss personal finance via a group decision Financial literacy on social media by insurers can also build trust	PolicyPal

Insurance agents were the cornerstone of financial planning, but by leveraging the constantly improving artificial intelligence, machine learning and the Internet of Things, rising InsurTechs are offering more personalisation and greater speed and efficiency of financial planning services in order to fit into the new generation of customers' digital way of life.

Although these tools are handy, it is debatable whether robo-advisors and InsurTech startups can replace financial advisers and their human touch completely. More than 60% of InsurTech companies are offering non-life insurance as life insurance can be more complex, but is also the most profitable for insurers. What is important now is creating a seamless omnichannel experience, with a tad of physical interaction when it comes to personalised financial planning or filing claims for life insurance where empathy cannot be replaced, while InsurTech would be the go-to for general insurance.

Lemonade
lemonade.com
Year founded: 2015
Country: U.S.
Who is it for: Property owners and renters
What do they offer: Rental and property insurance, pet insurance
Difference from traditional insurance: 1. Cause-driven: unclaimed money can be donated to the user's choice of charity. 2. Quick and easy to generate and quote and buy a policy through AI-powered chatbots that facilitate the process in nice graphics and simple language.
Cons: Only available in limited states.

Dead Happy
deadhappy.com
Year founded: 2013
Country: UK
Who is it for: Millennials
What do they offer: Customers are encouraged to write a death wish with this fully online 'pay-as-you-go' life insurance broker and sign a 10 years plan that renews at the end.
Difference from traditional insurance: Life insurance but marketed in a fresh way. Reduces traditional insurance premiums. Easy application without financial jargons, lowering the barrier of entry for younger customers.
Cons: Limited number of policies.
How can this be adopted: Different premiums calculation model. Well designed UIUX and simplified financial terms.

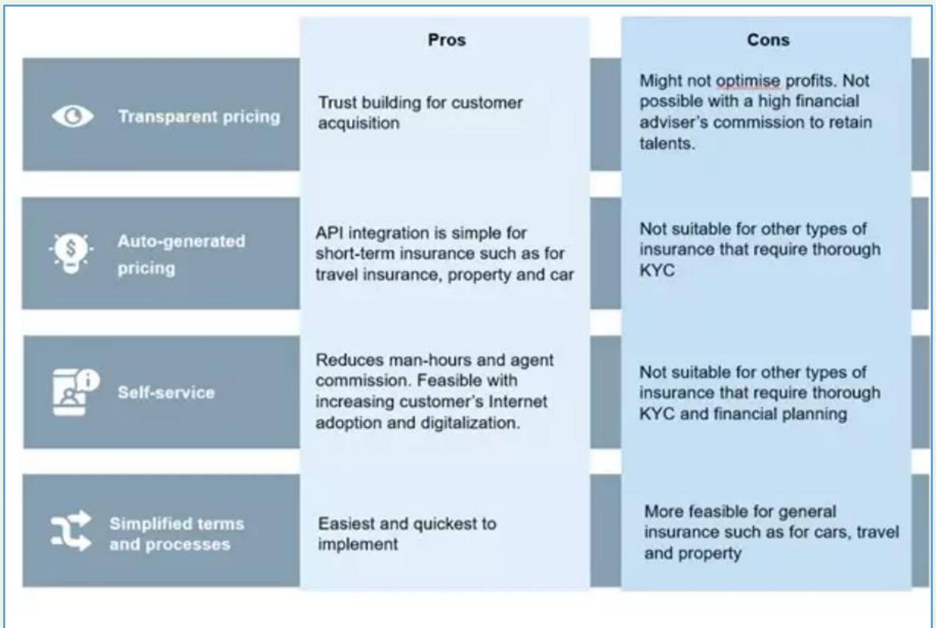
Brolly (now acquired by Direct Line Group)
Year founded: 2016
Country: U.K.
Who is it for: Anyone who owns high-value possessions
What does it offer: Content insurance
Difference: 1. Insure selected contents and choose to add on valuables at no additional cost. Transparent and dynamic pricing, with a quote auto-generated. 2. Users can upload their policy documents and Brolly can advise if they are over or underinsured.
How can this be adopted: transparent and dynamic pricing, flexibility to customise their policy without the help of FA.

Honcho
gethoncho.com
Year founded: 2016
Country: U.K.
Who is it for: Car and van owners
What does it offer: Real-time live auction where insurance providers compete in price for consumers' business in 30s for car and van insurance.
Difference: Instead of customers looking for different insurers, the insurers come to the customers for price competition.
Cons: Limited providers on board.

Implementation	Pros	Cons
Transparent pricing	Trust building	Might not optimise profits. Not possible with a high financial adviser's commission to retain talents.
Auto-generated quotes	API integration is simple for short-term insurance eg travel insurance, property, car, etc	Not suitable for other types of insurance that require KYC
Self-service	Reduces man-hours and agent commission. Feasible with increasing customer's education and digitalisation.	Not suitable for other types of insurance that require KYC and financial planning
Simplified terms and processes	Easiest and quickest to implement	Only possible for general insurance (car, travel, property)

Reposit
reposit.co.uk
Year founded: 2015
Country: U.K.
Who is it for: Young tenants

What does it offer: Non-refundable set up fee of one week's rent charged to the tenant. The product lasts for 12 months, can be extended for an additional £30 every 12 months. If there are any damages, tenants can pay at the end of the tenancy.



	Pros	Cons
Transparent pricing	Trust building for customer acquisition	Might not optimise profits. Not possible with a high financial adviser's commission to retain talents.
Auto-generated pricing	API integration is simple for short-term insurance such as for travel insurance, property and car	Not suitable for other types of insurance that require thorough KYC
Self-service	Reduces man-hours and agent commission. Feasible with increasing customer's Internet adoption and digitalization.	Not suitable for other types of insurance that require thorough KYC and financial planning
Simplified terms and processes	Easiest and quickest to implement	More feasible for general insurance such as for cars, travel and property

InsurTech Models

Difference: New insurance to reduce the amount of deposit.

Cons: Property agents are driven by the commission to sell this product to customers.

The common theme across the InsurTech startups? Transparent pricing, self-service, quick auto-generated quotes, simplified terms and process.

The above are only 4 out of many ideas that traditional insurance companies can implement to attract the younger generation to get themselves much-needed policies, while also improving the company's efficiency. Perhaps traditional insurance and InsurTech can also tap on the same pool of customers, each in their distinct ways to serve different needs. One person has to get his basic life insurance and traditional insurers may serve this need better with one-to-one guidance with a financial adviser and thorough planning and explanation. The same person would also require simple general term insurance, on-demand, and can get them quickly and conveniently on InsurTech platforms.

(The writer is Varun Mittal.)

TOP

Social welfare insurance claims to be quicker – The Times of India – 7th June 2021

Life and general insurance companies are working on speeding up claims under the Centre's social welfare schemes by moving to a straight-through process. This follows a meeting of the chiefs of insurance companies with the finance minister on Saturday to discuss claim settlements under the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY). The PMJJBY and PMSBY were provided by life insurers and non-life insurers respectively covering death and accidental death. The two covers were launched in 2015 and were distributed as an add-on to bank accounts. The covers were issued based on the customer's consent. The PMJJBY provided a Rs 2-lakh life cover for Rs 330 annually, while PMSBY provided a Rs 2-lakh accidental death cover for Rs 12. "We are working on improving the processing time and turnaround time by simplifying the format to ensure that claimants get the money immediately," said LIC chairman M R Kumar. LIC is the biggest underwriter of social

welfare schemes in the country. According to sources, the government has asked insurers to put in place a straight-through processing system where the bank branch, upon receiving death claims from family members, send the details to their hub, which in turn connects to the insurance companies' system and claims are settled without delay. One of the issues resulting in a delay in the underprivileged segment was the non-availability of the death certificate and insurance companies have been asked to look for a solution.

In addition to the two schemes, the finance minister also took up the performance of the Pradhan Mantri Garib Kalyan Yojana (PMGKY) package that covered government frontline healthcare workers. The policy was issued by New India Assurance — the largest state-owned non-life company. The finance minister appreciated the settlement of a claim in Ladakh where New India made the payment in hours of receiving the documents. New India Assurance chairman Atul Sahai said that the company could settle a claim within hours as an official in the district could travel and meet the local authorities. The company had received around 1,100 claims of which 420 claims were already paid and 140 rejected and the balance was awaiting details like account information and documents from district officials. In the case of PMGKY too, the claim process has been simplified to have a check-box approach where the insurer would settle the claim based on a certification by the district magistrate that all documents have been received.

TOP

Worldwide insurance community extends support for India's COVID fight – Asia Insurance Review

A number of international insurers including MetLife, AIA Group and Sun Life have stepped in to help India with resources to fight the second COVID-19 wave that has severely impacted the country. India is today the global epicentre of the pandemic and its healthcare infrastructure has been stretched beyond limits with hospitals facing an acute shortage of oxygen, beds and ventilators, crippling efforts to save patients.

The MetLife Foundation has donated $1.2m to support India's healthcare system, frontline workers, individuals and families. The donation will be channelled through multiple not-for-profit organisations that are working in close collaboration with central and local governments. MetLife Asia president and chairman of the board of PNB MetLife Kishore Ponnavolu said that the funds donated by MetLife Foundation will help save lives and bring hope to families.

"We cannot express enough our respect for and encouragement to all the frontline medical and care professionals, whose efforts are at the heart of India's fight against this pandemic," he said. The AIA Group has contributed $2.5m to support COVID relief efforts in India for which it will collaborate with Tata Trusts and the Taj Public Service Welfare Trust.

AIA regional CEO and group chief distribution officer Bill Lisle said that this is a critical moment for them to make a meaningful, material contribution. "We are confident that this contribution will bring a significant measure of hope, peace of mind, and protection to millions of people in India at a time of their greatest need during an ongoing pandemic," he said.

Sun Life has donated $100,000 to support COVID-19 relief efforts in India. The funds channelled through the Indian Red Cross were used in assisting local agencies in providing medical and emotional support for those most at-risk and included transportation and providing oxygen for critical patients. Sun Life president Kevin Strain said that the situation in India is dire and extremely concerning and is a reminder of the tragic toll this pandemic continues to take around the world.

TOP

Insurers must expedite claim settlement: Nirmala Sitharaman – The Hindu – 5th June 2021

Insurance companies have processed just 419 claims pertaining to frontline healthcare workers who lost their lives in the COVID-19 pandemic, Union Finance and Corporate Affairs Minister Nirmala Sitharaman said on Saturday, urging insurers to expedite settlement of pending claims under different schemes.

The government had launched the Pradhan Mantri Garib Kalyan Package (PMGKP) Insurance Scheme for health workers with a life insurance amount of ₹50 lakh. So far, ₹209.5 crore has been disbursed to nominees of the deceased healthcare workers, the Minister noted in a meeting with chiefs of insurance companies.

New mechanism

Directing States to take up COVID-19 claims of health workers on a priority basis, Ms. Sitharaman said a new simplified system had been put in place to address "delays arising out of States sending documents" that must be put to "maximum" use. As per the new mechanism, "a simple certificate" from the District Magistrate (DM), endorsed by the nodal State health authority would be sufficient to process claims. Citing an example from Ladakh of a health worker's insurance claim being settled within four hours of receiving the DM's certificate, Ms. Sitharaman called for a similar approach to be maintained in future as well.

The PMGKP scheme for healthcare workers has been extended for a year after the emergence of the second COVID-19 wave in April. "The Finance Minister emphasised that insurance company officials should continue being sympathetic while providing services to nominees of deceased policy holders, especially during pandemic period… These claim amounts provide much-needed financial relief to nominees who have lost near and dear ones, and the government's steps will enhance the ease and speediness of this process," the Ministry said in a statement after the meeting.

'Streamline process'

The Minister also sought to accelerate the disbursement of pending claims under the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and the Pradhan Mantri Suraksha Bima Yojana (PMSBY) during the pandemic. She asked insurance firms to streamline processes and documentation requirements under the schemes so that claims are disbursed faster. The PMJJBY and the PMSBY, launched in 2015, provide life and accidental insurance covers respectively of ₹2 lakh each, at an annual premium of ₹330 and ₹12 respectively.

Under the PMJJBY, a total of 4.65 lakh claims amounting to ₹9,307 crore has been paid, of which 1.2 lakh claims amounting to ₹2,403 crore were settled since the beginning of the pandemic last year. The PMSBY scheme has settled 82,660 claims worth ₹1,629 crore by May 31 this year.

Insurers have been asked to process claims under these two schemes within seven days instead of 30 days and digitise the claim settlement process between banks and insurance companies. Public sector firms have been tasked with launching an app for transmitting claims by the end of this month. "Attending doctor's certificate & certificate issued by DM/authorised officer, in lieu of death certificate to be considered (and) rationalised forms for simplified claims process are being issued shortly," the statement said.

TOP

LIFE INSURANCE

This is when insurers may reject Covid health insurance claim – Live Mint – 10th June 2021

There is a great spurt in claims across the industry owing to the ensuing Covid-19 pandemic. Though insurers have expedited claims and most of these are settled as well. Due to coronavirus, various insurance policies covering COVID-19 have recently been launched.

Depending on the type of policy, policyholders can make insurance claims either through the cashless mode or the reimbursement. In the latter case, the policyholder needs to pay for the expenses and get the expenses reimbursed from the insurer by submitting the claim form.

Although there are multiple reasons related to the rejection of covid health insurance policy claims. Parag Raja, Managing Director and Chief Executive Officer, Bharti AXA Life Insurance lists out the main reasons why a COVID claim may be disapproved:

Inactive/Lapsed Policy
In order to keep a policy active, a policyholder needs to pay a timely premium. Failing to pay premiums on a timely basis leads to a policy lapse. If death happens in this case then the life insurance company may deny the claim

Non-disclosure of pre-existing diseases
If the policyholder has a serious pre-existing illness for e.g., the insured was suffering from cancer prior to policy issuance and the same was not disclosed while buying the policy, insurers may disapprove to honour the claim.

Many insurance firms have said they are primarily trying and settle all genuine claims. If an insurance firm has rejected a policy claim on unclear grounds, individuals can raise a complaint.

Meanwhile, India recorded the highest single-day Covid-19 fatalities with 6,148 new deaths in the last 24 hours. Although, the daily spike of coronavirus cases remained below the 1 lakh mark for the third consecutive day as only 94,052 new infections were recorded during a 24-hour period, according to the Union Health Ministry data updated today.

(The writer is Sangeeta Ojha.)

TOP

How much Rs 2 crore term insurance plan will cost you - Financial Express - 9th June 2021

A term insurance plan is different from all other types of life insurance policies. While in all other plans, a portion of the premium goes into savings, in a term insurance plan, the premium is entirely towards the risk coverage.

If you want to only buy protection, then a term insurance plan is the plan to buy from life insurance companies. The working is as simple as it may get – One pays a premium based on age, term and sum assured (life cover) and gets nothing on surviving the term. On death during the term, the nominee gets the sum assured.

The best part of term insurance is that the premium in them is low and even by paying a lower premium, you can get a high coverage. For example, someone age 35 can buy a term insurance plan of Rs 2 crore by paying approximately Rs 22,000 annually for 25 years. The actual premium will vary among insurers.

Effectively, one can buy a high cover of Rs 1 crore, Rs 2 crore or even Rs 5 crore by paying a fraction of the coverage amount as premium. Term insurance plans are low-cost, high-cover plans to provide life protection to family members.

Term Insurance Plan: Premium Snapshot

AGE	Cover till what Age	Cover Term (Yrs)	Sum Insured (Rs)	Annual Premium (Excluding GST) (Rs)
25	60	35	1 Crore	9300
			2 Crore	15000
35	60	25	1 Crore	13300
			2 Crore	22000
45	60	15	1 Crore	22000
			2 Crore	34300

Source: Alliance Insurance Brokers; For a healthy, non-smoker, male.

In addition to providing life cover in purest form, there are several other add-ons and variants of term insurance plans. Depending on the need, one may add them to the basic cover and customize the policy. According to Aatur Thakkar, Co- Founder and Director at Alliance Insurance Brokers, here are some of them:

Terminal Illness Cover: The full sum insured is paid to the life insured when s/he is diagnosed with an illness wherein s/he would not normally survive beyond the next 6 months.

Waiver of Premium: In case the life insured to suffer a permanent total disability, all future premiums are waived, but the policy continues as per the original terms of the contract

Rider facilities: The product should be able to address the needs of essential riders that must be made available. For example, Accident Benefit plus Critical Illness Benefit plus Disability Benefit

And, when it comes to choice of the insurer, in addition to the low premium that the plan offers, also consider looking at other indicators. "For a comprehensive Term Life Insurance, one must look out for the backdrop of the underwriter – Solvency Margins, Claim Settlement Ratio, AUM and customer base, persistency ratings & rankings on the IRDA Dashboard," informs Thakkar.

(The writer is Sunil Dhawan.)

TOP

Private Players' Individual Weighted Received Premium Up 5 percent in May: Report – Live Mint – 9th June 2021

The individual weighted received premium (WRP) of private life insurers grew 5% year-on-year in May, while the overall industry posted a decline of 8.9%, despite a low base. In May 2020, individual WRP had declined by around 32% and 20% for private players and industry, respectively, due to the outbreak of covid-19 and the ensuing lockdown.

The second wave, along with the lockdown in major states, weighed down on overall performance in May 2021. In FY22 so far, private players' individual WRP grew 37.4% YoY. The same for the industry grew 22.7% YoY, said Motilal Oswal Financial Services in an insurance sector report.

Among listed players, ICICI Pru Life posted a growth of around 28% YoY in May against a decline of 52% in May 2020. HDFC Life reported a growth of around 17% against a decline of 33% in May 2020. Max Life grew at 12.5% vs a decline of 20% in May 2020. SBI Life posted a decline of 5.6% YoY.

Among mid-sized players, Bajaj Allianz reported a growth of 32%. Other players like Tata AIA/Birla Sun Life/Kotak Life reported a decline of 8%, 15%, 31%.

LIC reported a decline of 22% in individual WRP against a decline of 3% in May 2020. In FY22 so far, LIC's individual WRP has risen 7% YoY, as per the report.

"Although rising Covid-19 cases and lockdown in key states could impact overall growth in the near term, we expect premium growth to see strong traction over FY22E with a continued focus on Non-PAR/Annuity and Protection segment, while unit-linked insurance plans (ULIP) is witnessing a gradual recovery. MAX LIFE and IPRULIFE are our preferred picks."

Performance of key private players
The combined market share of listed players – SBI Life, IPRU Life, HDFC Life and MAX Life– on an individual WRP basis stood 60.2% in May 2021 (vs 61% in FY21).

Tata AIA, Bajaj Allianz, and Birla Sun Life are getting firmly positioned among the 5-7th largest private insurers on an Individual WRP basis. Among the key listed players on an Individual WRP basis -
HDFC Life reported a growth of 16.6% yoy; total unweighted premium grew 46.6% YoY
SBI Life reported a decline of 5.6% YoY; total unweighted premium grew 1.6% YoY
IPRU Life reported a growth of 27.7% YoY; total unweighted premium declined 3.9% YoY
Max LIFE reported a growth of 12.5% YoY; total unweighted premium grew 25% YoY

TOP

New Business Premium of Life Insurance Firms Declines 5.5% in May – Live Mint - 8th June 2021

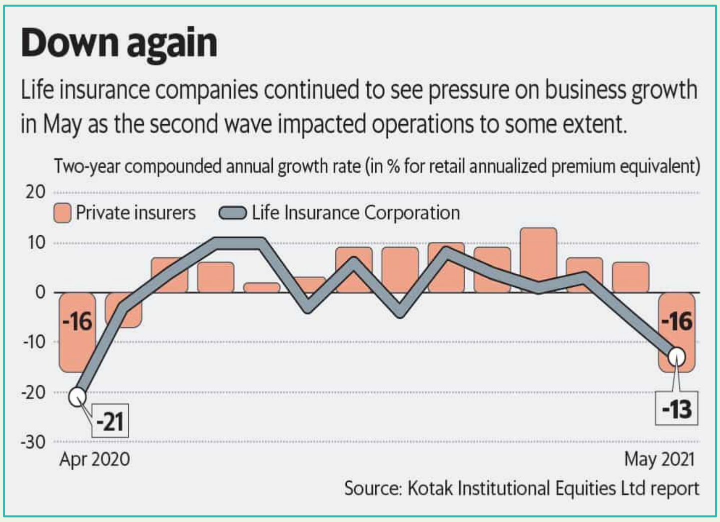
India's private life insurers' business growth has taken a blow once more this year due to the second wave of covid-19 infections, but may soon see a pickup June onwards as state governments lift restrictions in a phased manner. After all, a pandemic is reason enough for Indians to think seriously about life insurance.

Data from the regulator showed that retail business growth for private life insurers was 5% in May on an annualized premium equivalent (APE), while government-owned Life Insurance Corporation of India (LIC) showed a contraction of 22%. But even though the growth may look decent in the wake of the second wave for private insurers, it is largely due to a low base. Recall that May last year saw retail APE shrink by 32%.

But since year-on-year (y-o-y) growth has a noise of base effect, a two-year compound annual growth rate (CAGR) may be a good metric to assess the industry's growth. Here too, the picture is grim. On a two-year CAGR basis, private life insurers have witnessed a 16% contraction in retail APE. LIC reported a 13% contraction.

On the face of it, this goes against the logic that a pandemic makes individuals quicken their decision to buy insurance given the threat to health and life. But it should be noted that insurance companies saw a swift recovery in the past few months owing to lifting of restrictions.

Ergo, the contraction in business or a decline in growth for some insurers is more because of operational restrictions. Further, during this second wave, insurance companies have been more careful about the health of their agents and employees and restricted customer service to just virtual and online means. This has its own challenges in garnering new business.



That said, large private life insurers such as HDFC Life Insurance Co. Ltd and ICICI Prudential Life Insurance Co. Ltd have seen a decent recovery in business. A strong digital presence has been behind this success, although newer product launches have also sparked interest among customers.

Analysts believe that since the first quarter is typically weak for life insurers, there is enough opportunity to boost growth once restrictions are lifted gradually. "As covid-restrictions have begun to ease with declining new covid cases, June is showing a better sequential trend. Also, the first quarter of the fiscal year is generally the smallest for life insurers (in terms of APE at 15-16%), so the full year impact from lockdowns should be limited," analysts at Jefferies India Pvt. Ltd wrote in a note.

Motilal Oswal Financial Securities Ltd believes that the growth pickup would be broad-based with non-participatory products, and margin-friendly protection products continuing to grow strong and market-linked products staging a recovery.

(The writer is Aparna Iyer.)

TOP

Saral Jeevan Bima – bridging the gap between India and Bharat - The Indian Express – 8th June 2021

With a rapid increase in the number of COVID-19 positive cases and over 4,000 deaths being reported each day, Indians are buying term life insurance plans in elevated numbers. Term life insurance is the purest form of life insurance that offers comprehensive financial protection to the dependents against life's uncertainties – one such being death due to COVID-19 related complications.

It provides a huge cover amount for a very small premium and your family will get the life cover in case of your untimely demise within the policy period. Interestingly, in the last few months, a new category of individuals have been added amongst those buying term life insurance for the financial protection of family members – individuals falling under the lower-income group/economically weaker section.

One such example is of Dinesh Biswas, a 35-year old shopkeeper from Uttar Pradesh's Azamgarh district. In the last two years, Dinesh tried at least thrice to secure a term life insurance for himself as he learned how effective and efficient the plan can be to secure the financial future of his family members in case of his untimely demise. Unfortunately, Dinesh was denied coverage every time due to lack of regular income proofs and his academic qualification – Dinesh was just 10th pass. However, two months back, he finally succeeded in buying a term life insurance plan for himself – all thanks to Saral Jeevan Bima.

Recently introduced – Saral Jeevan Bima is a regulator-mandated standard term life insurance plan offering basic protection to people who are self-employed or belong to a lower income category – earning about 5 lakhs a year. With standard terms & conditions, features and benefits, the plan aims to bridge the protection gap between India and Bharat.

Emerging Trends

Over the last few months, Saral Jeevan Bima has been successful in providing a minimum coverage to many others like Dinesh who were earlier unable to buy a term life insurance plan due to lack of enough financial income, education. The insurers offering this plan have adopted better and smarter ways of analysing irregular income streams through surrogates such as ownership of various other assets, ascertaining income basis other financial instruments that a customer has currently.

Saral Jeevan Bima is a plain vanilla term cover that pays the entire cover amount to the dependents in case of the death of the policyholder within the policy term. The plan is available for a minimum cover amount of Rs 50,000, up to a maximum of Rs 25 Lakh.

Even the numbers around the popularity of Saral Jeevan Bima narrate some interesting trends. The average income bracket of customers investing in Saral Jeevan Bima is between Rs 3 –3.5 Lakhs. Further, the demand for standard term life insurance plan is maximum amongst the middle-aged group people as the maximum customers – almost 50 per cent – buying Saral Jeevan Bima are between the age group of 31 to 40 followed by 25 to 30 – 22 per cent and 41 to 50 – 18 per cent.

The numbers depict that individuals with financial dependents are the ones buying term life insurance maximum in Saral Jeevan Bima segment as well. Usually, people in their early 30s and late 40s have important expenses to take care of including kid's education and marriage, repay loans, if any, and plan for a safe retirement.

Trends around gender-wise participation of customers in buying Saral Jeevan Bima showcase that while 80 per cent of the male population is buying term life cover, only 20 per cent of the female population thinks it is equally important to protect their lives with an adequate term life insurance plan. The immensely high discrepancy in participation of men and women in buying term plans is also due to the lack of employment of women in the lower-income category and limited knowledge around the importance of term life insurance in financially securing the future of dependents.

The insurers and the insurance regulator – IRDAI are together taking the best possible initiatives to bring maximum people under the insurance umbrella. For Saral Jeevan Bima, in particular, insurers have devised new ways to fetch income proofs to make the process simpler for prospective first-time buyers. This practice has brought the term life insurance policy issuance rate for the lower-income segment to 70 per cent now from 30 per cent earlier.

Take Note
For customers yet to buy Saral Jeevan Bima or planning to buy one anytime soon, there are some important aspects to keep in mind for making an informed decision. The first and foremost thing to remember is to compare different plans and check for their eligibility within the guidelines provided by the Insurers. Second, while the features and benefits of the Saral Jeevan Bima plan are similar across insurers, customers must also compare the claim settlement ratio of the insurers. Once these two reference points are checked, the customers can choose the Insurer that they feel best out of those that he/she is eligible to get a plan from.

(The writer is Sajja Praveen Chowdary.)

TOP

Types of traditional insurance plans and who they suit – The Economic Times - 7th June 2021

Traditional or whole life insurance
Traditional insurance plans are a type of life insurance plans that provide multiple benefits such as risk cover, fixed income return, safety and tax benefit. They cater to individuals with a low risk appetite. This type of life insurance policies provides insurance coverage to policyholders for their entire life, never running out. In case of inevitable death of the policyholder, the insurance pay-out is made to the beneficiaries. A mix of insurance and investing, these plans are primarily used for wealth creation, offering a small cover by way of protection. Here are two types of traditional insurance plans and who these suit.

Endowment plans
In this type, the insured obtains a lump-sum along with bonuses on policy maturity or on death. *Death/maturity benefit:* These plans offer the sum insured to nominee or beneficiary on the death of insured, along with the bonus. The bonus is paid only for the number of years that the insured survived while the policy was active. If he/she survives the term, the insured gets maturity proceeds along with guaranteed bonus or profit at the end of the term.

Moneyback plans
These provide life coverage during the term of the policy and the maturity benefits are paid in instalments.

Death/maturity benefit: The main difference here is that the payout is staggered and paid at specified, regular intervals. A bonus is also paid on maturity if the insured survives. It is used to achieve goals like a child's education or marriage.

Premiums for both types

Endowment plans: The premium is much higher compared to that of a term plan and must be paid for a fixed number of years. Moneyback plans: Like in case of endowment plans, the premium is high compared with term plans and is divided between insurance and investment.

Who do these suit?

These plans enforce a saving habit in the policyholder. Afraid of losing money due to lapsation, few policyholders miss the premium. So go for these only if you have no investing discipline because they will serve as a goal achieving tool in that case. But otherwise, since traditional plans offer low covers and low returns, they are best avoided. Even if your objective is tax deduction, you may look at better options and investments which are also low-risk, low-return in nature such as small savings schemes.

(The writer is Shambhavi Mehrotra.)

TOP

Why you need multiple life insurance policies and how to manage them - The Economic Times - 7th June 2021

Life insurance protects the nominees financially in case of death of the insured. One can take more than one life insurance policy across different insurance companies.

Need for multiple policies

During the course of one's life, while the income of the person goes up, new responsibilities tend to get added. Hence one may have to purchase additional life insurance cover. The insured can hedge the risk of rejection of a claim with one insurance company by insuring life with another insurance company. One may purchase life insurance policies to cover for any loans availed by them such as home loans.

Buying multiple policies

Details of all existing life insurance policies need to be provided at the time of filling up the proposal form for a new policy. Income documents need to be provided for the insurance company to assess the need for insurance. The new insurance company may reject the form, if the existing life cover exceeds the human life value estimate which is calculated on the basis of income of the insured up to about 20 times his annual income.

Managing policies

It is important to keep your policies alive by regularly paying the premiums. It is also necessary to keep the nominations updated and make necessary changes whenever needed. Opening an e-insurance account becomes handy while managing multiple insurance policies. One can get a one shot overview of all the policies held by the person with this facility.

Point to note

It is extremely important to have an updated log of all the life insurance policies with details such as sum assured and nominees and this log needs to be known to the family members or dependents.

TOP

Insurers seeks govt support to build health database - The Telegraph – 7th June 2021

An effective pricing of premiums requires a central repository of medical records of individuals, and the life insurance industry is looking for government support to build the database. Vibha Padalkar, managing director and CEO of HDFC Life Insurance, said this would be a game-changer as the insurers would be effectively able to underwrite risk based on more granular data and offer a better premium quote to individuals.

While banks and non-bank finance companies have access to centralised databases that can be used to understand the repayment capabilities of individuals, insurers to a large extent rely on the self-declaration of past medical records from prospective policy buyers before underwriting a policy. While financial data and its availability have seen a fair bit of evolution over the last 7-8 years, aggregation of health data is still at a nascent stage. “There is a lot of ground to cover especially on health data,” Padalkar said.

In the absence of in-depth data, a healthy individual may end up paying the same premium as one not having made a full disclosure. However, insurers can offer better quotes if individuals share their medical records to a centralised repository that has proper data protection rules and can be accessed by the insurers.

“If an individual is willing to share his medical data and signs up for sharing data with some central repository, and supposing an insurer is able to tap into those repository, based on consent of the prospective customer, and if regulation permit a wider range of price nuanced quote, then policies can be better priced,” said Padalkar. She said this would encourage a pickup in life cover, particularly among the younger population as life insurance is a long term product and unlike other variants of insurance cannot be repriced easily.

Sustainable growth

According to data compiled by the Life Insurance Council, the industry posted nearly 45 per cent growth in new business premium in April. The 24 life insurers, including LIC, collected Rs 9,738.79 crore in April 2021 compared with Rs 6,727.74 crore a year ago.

(The writer is Pinak Ghosh.)

TOP

GENERAL INSURANCE

Can cyber insurance secure your organisation’s data – The Hindu – 10th June 2021

Large-scale cyberattacks, like the recent SolarWinds and U.S. Colonial Pipeline attacks, have highlighted the growing threat of high-profile hacks on Internet users worldwide. According to the World Economic Forum, cyberattacks top the list of human-caused risks globally, and research firm Cybersecurity Ventures has predicted cybercrime may cause damages worth $6 trillion by the end of this year. Several companies have turned to cyber insurance to seek protection against huge financial losses.

What does cyber insurance cover?

A typical cybersecurity insurance, or cyber risk insurance, is designed to help businesses hedge against potential cybercrime including ransomware, malware and denial-of-service (DDoS) attacks. Some policies may also cover losses incurred by other methods of hacking such as cyber stalking, e-mail spoofing, phishing, and cyber-extortion that may compromise a network and expose sensitive data. The claims could also include the cost of privacy investigations or lawsuits following an attack.

Additionally, individual and corporate plans should also cover the cost of hardware, like in a case where a cyberattack causes a computer burn-off due to extensive CPU utilisation or heat dissipation system failure, Joydeep Roy, Global Health Insurance Leader at PwC told *The Hindu*.

Cyber insurance policies generally don't cover potential future lost profits and loss of value due to theft of intellectual property, according to Rohan Vaidya, Regional Director of Sales-India at CyberArk.

"Any person connected to the Internet must consider taking cyber insurance," according to T. L. Arunachalam, Director of Cyber and Emerging Risks Practice at Bharat Re-Insurance Brokers. This applies to both individuals and businesses that conduct transactions online through banking or have any form of internet presence, he told *The Hindu.*

How much does a policy cost?

Companies generally opt for policies falling in the range of ₹40 crores to ₹200 crores as sum insured, and the typical premium is around 1-4% of the sum insured, Rohan said. The cost of a cyber insurance policy depends on several factors. Premiums are likely to be high for companies in certain sectors like pharmaceuticals, healthcare, hospitality, and banking, as they hold sensitive customer information and are prone to vulnerability, according to Arunachalam.

Cyberattack preparedness will also determine the cost of a policy. If a company has weak cybersecurity defence systems and incident response techniques, the Probable Maximum Loss (PML) is likely to be higher, therefore pushing up the premium of the policy. "It makes sense for companies to invest in tools and/or subscribe to professional services to strengthen its cybersecurity policy, architecture, defence & decoy systems as well as the crucial element of swift and expert incident response mechanisms," Joy deep noted, indicating the cyber insurance cannot be a substitute for inadequate cyberattack prevention practices. "The seriousness towards possible cyberattacks and the determination of a company to defend its data and resources will also play a part in determining the premiums and claim payments of cyber insurance," he added.

While cyber insurance has been a talking point in India since the past few years, only about 15-20% of Indian companies are actively considering securing their risks through insurance, Arunachalam said. "The percentage of companies already insured will be much lesser," he stated. However, automation, Internet-of-Things and the current work-from-home situation is likely to give a boost to cyber insurance adoption in India in the coming years, CyberArk's Rohan noted.

(The writers are Sowmya Ramasubramanian and Aditya Saroha.)

TOP

Non-Life Insurers Clock 11 percent Growth in Gross Direct Premium Income - The Economic Times – 9th June 2021

General insurance companies saw a 11.3 percent year-on-year (YoY) growth in the gross direct premium for May 2021 at Rs 12,316.50 crore. Among listed insurers, New India Assurance collected premiums of Rs 2,207.78 crore in May, showing a YoY growth of 21.2 percent. ICICI Lombard collected premiums of Rs 934.09 crore, showing a YoY growth of 6 percent.

In April 2021 too, general insurers had seen a double-digit growth. These insurers saw a 22 percent YoY rise in gross premiums to Rs 17,309.54 crore in April 2021 on the back of a strong demand for heath insurance.

As seen in previous months, standalone health insurers continued to see a higher-than-industry growth in May 2021. Data showed that standalone health insurers collected gross direct premiums of Rs 1,406.04 crore in May, showing a YoY growth of 66.6 percent. Ever since the COVID-19 pandemic broke out in March 2020, there has been a rise in demand for health insurance product. Standalone health insurers who specialise in this segment have gained.

TOP

General insurers to settle claim for black fungus treatment - The Telegraph – 7th June 2021

General insurers have said they will settle claims on the health policies of individuals undergoing treatment for mucormycosis or black fungus. Individuals with comprehensive health covers that include pre and post hospitalisation expenses, critical illness covers, preventive health checkups among other benefits, will stand to benefit from the policy. With cases of the fungal disease shooting up during the pandemic, policy holders are worried whether their health cover would include or exclude the treatment of the disease. “All our health indemnity policies cover hospitalisation expenses arising out of various infections. mucormycosis, which is also known as black fungus, is one such infection which is covered under our health policies. In fact, we have settled claims pertaining to this condition. We have been working towards swiftly settling such claims,” said Bhaskar Nerurkar, head – health claims, Bajaj Allianz General Insurance.

“Comprehensive policies will cover Mucormycosis even if it is during Covid treatment or independent of Covid treatment. We have seen a few claims but not too many,” said Sanjay Datta, chief of underwriting and claims at ICICI Lombard. Datta said most patients with the disease were being treated in hospitals. The hospitalisation expenses as per the policy terms are being covered whenever claims are raised. “All comprehensive policies are covering black fungus. The claim process is normal like any other policies and there is no differentiation,” said Amit Chhabra, head of health insurance, Policybazaar.com. He added that certain policies which offer only specific treatments only may not cover the disease.

Uncontrolled diabetes, weakening of immune system because of the use of steroids, prolonged hospital stay, comorbidities are among the conditions that can elevate the risk of the fungal infection in Covid-19 patients. Several states such as Gujarat, Maharashtra, Telangana, Andhra Pradesh among others have registered patients under the treatment of the disease.

TOP

HEALTH INSURANCE

Rise in health insurance renewals – Rush towards wellness products - Financial Express - 10th June 2021

In the last 12 months, health insurance has successfully transformed from being a good-to-have product to a must-have commodity – all because of the rising COVID-19 cases across the country. People are in a state of panic and fear that the novel coronavirus can infect them anytime anywhere and have realized that the only way to stay financially protected against the pandemic is by investing in a comprehensive health insurance plan. Interestingly, even the number of people renewing their health insurance policies this year are much higher than ever before. As it turns out, this could not have happened at any better time!

Rise in Health Insurance Renewals

As per available data, of all the family-floater health insurance policies sold last year, over 85% of the policyholders renewed their policies before expiry. Similarly, approximately 80% of the customers with individual health insurance plans renewed their policies before the due date. For customers with health policies older than a year, the renewal rates were 94% for individuals and 97% for family floater plans.

Such a high renewal rate clearly indicates that while the initial decision of buying a health cover may be the ongoing pandemic but over time, people have certainly realized what role health insurance can play

in securing the best possible health care facilities without having to worry about the cost. By renewing your health policy within the due date, you are privy to a plethora of continuity benefits like uninterrupted coverage, No-Claim Bonus benefits, and no fresh waiting period.

During unprecedented times like these, when the COVID-19 virus is believed to have become airborne, you would never want to bring a break in your health cover and would rather want to stay protected every day. Do note, even if there is a single-day gap in your health insurance coverage continuity, the insurer can directly reject your claim. By renewing your health insurance policy on time, you are not just staying financially secured against any medical expenses but are also ensuring a robust future for your loved ones.

Wellness Plans Gain Traction

Another important trend to highlight; in what we can call an accelerating shift, consumers are now using their 'wellness points' during the health insurance renewal to avail discounts on the premium. Of all the people buying health insurance plans in the months of March and April last year, over 20% of people renewed their policies this year through wellness points. This shows how people have gradually started moving towards a preventive mind-set that leans away from traditional health insurance offerings. Over the last 2 years, when it comes to health insurance, a significant number of consumers can be seen showing a proactive interest in staying healthy and ask for wellness-oriented health insurance plans. Of late, there has been an uptick in products that mirror daily priorities or life goals.

New-age health insurance plans or wellness-oriented health covers come with some elite features like stress management, wellness points, preventive health check-ups, gym and yoga memberships, and nutritional guidance. Some prominent plan names and their features include Max Bupa Health Insurance ReAssure's – Live Health Benefit that gives discount up to 30% on renewal premium. Similarly, Aditya Birla's Health Activ Assur Diamond and Activ Health Platinum plans offer discounts up to 100% on renewal premiums. You can also buy HDFC Ergo Health's Optima Restore and Manipal Cigna's ProHealth to avail discount Up to 8% and 20% respectively on renewal premium.

Rs 1 Crore Sum Insured – A New Category

Interestingly, in the last 12 months, Rs 1-crore health insurance plans have also successfully created a separate niche for themselves in the industry. Of all the health insurance renewals this year, 35% of customers enhanced the coverage and invested in Rs 1-crore sum insured health plans. Once a highly priced product, these plans are now easily available at affordable premiums – premiums as low as Rs 600 – Rs 800 per month for a 30-year old individual living in a metro city. This has also been possible with the introduction of the facility to pay premiums in easy monthly instalments. While earlier the customer had to pay the entire premium as a lump sum, the premiums can now be paid in monthly, quarterly, or half-yearly instalments as well apart from the choice of paying the premium yearly.

(The writer is Amit Chhabra.)

TOP

Should NRIs buy health policies in India? – Live Mint – 10th June 2021

Shivam Shukla recently moved to Dubai for a job. While the 27-year-old is not planning to come back anytime soon, he is confused about whether to buy health insurance in India or the UAE. Like Shukla, there are many NRIs who migrate abroad and often face this dilemma. As an NRI, there are several factors you need to consider on whether you should buy health insurance in India.

Most Indian health insurers only reimburse hospitalization expenses incurred in India. For instance, if you are staying in Dubai and get hospitalized, your Indian health policy typically would not cover it. Some insurers do offer health policies with global cover, but not all global covers are designed the same. For instance, some only provide global health coverage in case of emergencies. Others only provide it in case of planned hospitalization.

In the latter case, you would need to take an Indian resident doctor's approval as well. There could be other restrictions and exclusions, and health policies with global covers are also expensive.

"NRIs from FATF blacklist/call-for-action countries are excluded from the coverage," said Biresh Giri, appointed actuary, head - product development and CRO, ACKO Insurance. "FATF stands for Financial Action Task Force, a group of countries that works together to combat money laundering and terror financing." Amit Chhabra, head - health insurance, Policybazaar.com, added: "Most health insurance policies have a clause that the policyholder should have to be an Indian resident to be able to claim outside India, so one should not spend more than six months outside India in a calendar year."

However, if you are going abroad alone and your parents and/or children are staying back in India, then you can continue with the family floater policy. The policy will indemnify medical expenses in case your family members get hospitalized.

Tax benefits

When it comes to claiming tax benefits, an NRI can do so if he/she is a taxpayer in India. An individual (resident or non-resident) can claim a deduction of up to ₹25,000 for premiums paid for health insurance for self, spouse and dependent children, including up to ₹5,000 for preventive health check-ups, under Section 80D of the Income Tax Act. However, if the individual is a senior citizen (above 60 years of age), then he/she can claim a deduction of up to ₹50,000 for premiums paid for health insurance for self, spouse and dependent children.

Should you buy?

The duration of stay is one of the important factors you will have to consider. "If you are planning to stay overseas for a shorter duration, around three-four years, then it would be advantageous for you to buy a health policy in both countries. Do not stop paying premiums for your Indian health policy. This way you can keep premiums lower and make claims, if needed, as soon as you return without having to go through a waiting period for pre-existing diseases (PEDs)," said Prateek Mehta, co-founder and chief business officer, Scrip box. "On the other hand, if you have a long-term plan to stay abroad, then you don't need to take health insurance in India. You are better off buying a policy in the country of your residence. For short trips to India, travel insurance is a cheaper way to get insured," he added.

Besides, health insurance policies usually come with geographical limitations. So, you must fully internalize the terms and conditions before making a decision. "A lot depends on your future plan of returning to India. NRIs need to be careful of underwriting guidelines by the health insurer and also of regulations under the Foreign Exchange Management Act (Fema)," said Raj Khosla, managing director, MyMoneyMantra.com. For instance, a health policy may not include hospitalization expenses incurred in the UAE, while it may be applicable only on select critical illnesses such as cancer. Since it is difficult to assess and verify the claims abroad due to the risk perspective, the insurers impose geographical limitations on health policies bought by NRIs.

"If an NRI does buy a health insurance policy in India, he/she can make payments in INR. They can use credit cards and NRE/NRO bank accounts to pay the premiums. The settlement of such claims would be in INR only. Under Fema regulations, the RBI also allows NRIs to pay for health insurance premiums in foreign currencies. Claims arising out of India in such policies would be settled in the respective foreign currency," said Mehta.

Mint takeaway
Like Shukla, if you are going abroad with your family for a longer duration, then you must not buy a health policy in India as it will incur an unnecessary expense on your pocket. However, if you are planning to go for a shorter period, say three-four years, then you can buy a health policy in India. This will help you make hassle-free claims when you are back in India as the waiting periods for PEDs will almost get over.

(The writer is Navneet Dubey.)

TOP

Health insurers may not go in for premium hike - The Hindu Business Line - 9th June 2021

A hike in health insurance premium may not be on the cards, at least for now, with the Insurance Regulatory and Development Authority of India (IRDAI) not in favour of such a move at present. "With claims and losses mounting, some insurers were looking at the possibility of revising premium on health insurance this year. However, the IRDAI is not keen on a rate hike in the middle of a pandemic," said the CEO of an insurance company, adding that the focus now is to clear claims.

The IRDAI has been closely the monitoring the settlement of health insurance claims in the wake of the pandemic to ensure that it is done speedily by insurers. "As of now, there has not been any increase in premium rates for health insurance this fiscal. A number of insurers had hiked rates last year and some were considering doing so this year," said another industry expert.

Revision in premium
Many insurers had revised premium by about 10 per cent to 15 per cent last year after meeting IRDAI norms for standardisation of exclusions. However, with the rising Covid claims and faced with underwriting losses, some of them were looking at a fresh round of increase in premium.

Non-life insurers have been facing a surge in Covid-related health insurance claims since the last one year. While it had abated in between, claims rose to a much higher level during the second wave of the pandemic. Insurers have received over ₹23,000 crore of Covid-related claims till date. A recent report by ICRA also noted that underwriting losses for general insurers are set to rise.

Sahil Udani, Assistant Vice-President and Sector head – Financial Sector Ratings, ICRA, said: "We expect a seven per cent to nine per cent growth in GDPI in 2021-22, supported by growth in health segment and uptick in motor segment. "Despite underwriting losses, the sector is expected to report marginal return on equity (3 per cent to 4.5 per cent), largely supported by investment income."

(The writer is Surabhi.)

TOP

Latest health insurance claim settlement ratio of companies in 2021 - The Economic Times – 9th June 2021

One of the most important money lessons that the ongoing pandemic has taught us is the need for having the right type of health insurance policy and having an adequate amount of it. However, just having a health insurance policy will not be good enough if the insurer does not honour your claim during a medical emergency. So, how does one select a dependable health insurance provider? One ratio that can help you is the claim settlement ratio; this ratio gives you an idea as to how reliable the health insurance company can be in case you need to make a claim. The Insurance Regulatory and Development Authority of India (Irdai) has released the claims settlement details of general and health insurance companies for the financial year 2019-20.

Among the private general insurance companies, HDFC Ergo General Insurance tops the chart with 99.8% claims settled in first 3 months of making the claim. This is closely followed by Edelweiss General and Go Digit with 99.72% and 99.65%, respectively, within the first 3-month period. However, going by the incurred claim ratio, Edelweiss General Insurance, a relatively new company, has topped the chart with 113.05% during the financial year 2019-20. (The incurred claims ratio indicates the percentage amount of premium paid towards claims. Read on to find out why this ratio is important.) Only six private insurers have an incurred claims settlement ratio between 75% and 90% (an ideal range recommended by experts) for the financial year 2019-20. The lowest ratio of 21.08 was registered by Acko General Insurance. The other three insurers that have registered ratio below 50% are Navi General Insurance (erstwhile DHFL General Insurance) 34.69%, Cholamandalam MS General Insurance 40.67% and Kotak Mahindra General Insurance 49.22%.

Private Sector General Insurers				
	% Claim settled in^		**Incurred Claim Ratio (Health)**	
Insurer	**Less than 3 months**	**3 months to 6 months**	**2018-19**	**2019-20**
HDFC Ergo	99.8	0.12	62.29	69.01
Edelweiss General	99.72	0.24	115.35	113.05
Go Digit	99.65	0.24	10.76	51.83
Navi General*	98.7	1.13	46.07	34.69
Kotak Mahindra	98.62	0.83	47.20	49.22
Bajaj Allianz	98.61	0.97	85.29	81.96
Reliance	98.16	0.68	93.55	89.36
Liberty	97.84	1.31	81.64	87.78
SBI General	97.84	1.34	52.03	50.54
Royal Sundaram	97.75	1.04	60.52	63.55
ICICI Lombard	96.93	1.79	76.45	69.90
Magma HDI	95.4	1.84	90.46	72.87
Acko General	93.49	5.57	23.69	21.08
Future Generali	93.34	2.57	73.31	62.52
Tata AIG	92.82	5.3	77.89	66.61
Bharti AXA	92.17	5.21	88.55	77.50
Cholamandalam MS	91.47	4.47	35.30	40.67
Shriram General	87.53	4.74	52.51	96.64
IFFCO Tokio	81.67	12.8	101.92	95.66
Raheja QBE	30.29	7.21	32.87	85.07
Universal Sompo	22.14	26.43	92.19	76.68
Private Total			75.85	72.55

Public sector general insurance companies have much lower claim settlement ratio (within the first three-months) compared to private insurers. Oriental Insurance is at top with 92.71% and New India

Insurance with 91.99% claim settlement. However, all public sector insurers have reported incurred claim ratio above 100% for 2019-20, showing their liberal policy towards paying claims.

Public Sector General Insurers				
	% Claim settled in^		Incurred Claim Ratio (Health)	
Insurer	Less than 3 months	3 months to 6 months	2018-19	2019-20
Oriental	92.71	4.34	108.80	104.97
New India	91.99	4.45	103.74	100.83
United India	89.18	8.87	110.51	104.24
National	45.37	12.39	107.64	103.30
Public Total			107.12	102.91

When it comes to stand alone health insurance companies the competition is really tough as 6 out of 7 companies have claim settlement ratio above 99% during the three-month period. The only outlier is Reliance Health with 97%. However, when it comes to incurred claim ratio only HDFC Ergo (Erstwhile Apollo Munich Health Insurance) has registered a number above 70% with 73.69%.

*Erstwhile DHFL General Insurance Co. Ltd., ** Erstwhile Apollo Munich Health Insurance Ltd., @ Erstwhile CignaTTK Health Insurance Co. Ltd., # With effect from November 15, 2019, the business portfolio of Reliance Health Insurance Ltd. was transferred to Reliance General Insurance Co. Ltd vide IRDAI Order dated November 06, 2019. ^Claim paid data for general insurance companies is for overall claim including health insurance.

Standalone Health Insurers				
	% Claim settled in		Incurred Claim Ratio	
Insurer	Less than 3 months	3 months to 6 months	2018-19	2019-20
Religare Health	100	-	55.23	59.13
HDFC Ergo Health**	99.99	0.01	62.59	73.69
Manipal Cigna@	99.96	0.03	61.94	61.64
Max Bupa	99.91	0.08	53.93	53.51
Star Health	99.9	0.06	62.73	65.91
Aditya Birla Health	99.36	0.54	58.61	49.08
Reliance Health#	97.13	2.87	13.57	62.17
Standalone Health Total			60.68	64.13

Source: IRDA Annual Report 2019-20

So, if you are buying a new policy or porting your existing health insurance policy to a new insurer make sure you check the latest claim settlement ratio of all the insurers before you take a final call.

How claim settlement ratio helps

"It is a term which reveals how much claims have been paid by the insurer in a given year. This ratio is one of the important parameters to look at before buying the policy. With this ratio, policyholders can gauge how much claims are paid by the insurer and how much of it gets rejected," says Rakesh Goyal, Director Probus Insurance.

This ratio tells you that out of 100 claims that the insurance company receives how many have been paid by the insurer. If the claim settlement ratio is 90%, it means that insurer made payments against 90 claims out of 100 claims and did not pay for the remaining 10 claims during the specified period.

A good insurance company should not only honour all eligible claims but it should also process these in the swiftest possible manner. So higher the ratio, better it is for the policyholders. For health insurance companies this ratio is published for different period of times such as less than 3 months, 3 months to 6 months etc. However, the most critical data is for the period less than 3 months. So, if company has the highest claim settlement ratio within the first 3-month period, then you know that it honours more claims in the shortest possible time.

Why you must also look at incurred claim ratio

While claim settlement ratio tells you about the number of claims in terms of percentage that the health insurance company settles, it does not throw light on the amount that it has paid as claims. This is where the incurred claim ratio helps - it helps you understand what percentage in monetary terms the insurer is paying towards settling these claims. Incurred claim ratio is the ratio of net incurred claim to net premium received by the health insurance company during the year.

Against the total claims, which is gross claims, received during the year the insurance company receives some payment from its reinsurer. "The incurred claims ratio indicates insurance companies' ability to pay claims. Net claims incurred are gross incurred claims less all claims recovered from reinsurers related to those gross incurred claims" says Goyal.

What should be the ideal incurred claim ratio?
A lower incurred claim ratio means that the insurers has very strict claim processing or tough underwriting parameters against which a good number of polices are getting rejected. It also shows that it is charging much a higher premium in comparison to the benefit it is providing to its policyholders. So, it is better to avoid a company with a low incurred claim ratio. Does that mean a high ratio is always good for policyholders? Not necessarily. Here is why. "An incurred claims ratio of more than 100% is not good for insurance companies as it shows that the insurance company has spent more money on settling claims than it received as insurance premium. Which basically means that insurance is making a loss if the incurred claims ratio is more than 100%," says Goyal.

While going through the incurred claim ratio you need to be mindful of higher ratio by new insurance players. During the initial years an insurance company may not have sold enough policies to receive substantial premium and hence, may have higher ratio often above 100. So, what should be an ideal range of incurred claim ratio? "The incurred claims ratio of less than 50% is not productive for any policyholder. Ideally incurred claims ratio should be in the range of 75-90%," suggests Goyal.

(The writer is Naveen Kumar.)

TOP

Covid-19 and impact on senior citizen's insurance needs - Financial Express – 8th June 2021

The Covid-19 pandemic has hardly left anyone not getting impacted, directly or indirectly. The number of cases may have subsided but it still remains a threat at least in the foreseeable future. As per several studies, senior citizens are considered to be more prone to getting infected with Covid-19 and the possibility of requiring hospitalization is high in them. Already, there is a low interest rate scenario in the country and on top of it, the rising medical expenses owing to Covid-19 has impacted the finances of most of the retired senior citizens.

For those senior citizens who have purchased a health insurance plan, meeting the hospital expenses may not be a concern. However, if one does not have adequate coverage, the policyholder has to meet a portion of the hospital bill from own pocket.

But, at higher age, the premium is typically more than for those who buy medical cover at a younger age. Getting a high cover comes at a high price for the senior citizens and the health cover plans also come with a waiting period because of comorbidities in the seniors. There are exclusive senior citizens health insurance plans that may be explored by them. "Senior Citizens with pre-medical conditions should consider opting for health insurance covers exclusively designed for individuals aged above 60 years, "says Ankit Agarwal, Managing Director, Alankit Limited.

The exclusive senior citizens health insurance plans generally come with a co-payment feature which requires one to pay a portion of the hospital bill before the insurer pays the rest. They may also have several sub-limits in them or longer waiting periods. And, if such plans don't have such restrictions, then the premium could be on the higher side.

Also, there are plans that restore the coverage amount once the policyholder has utilized the sum insured in the policy. "Given the higher premium rates, it is crucial to keep in mind that health insurance should provide auto restoration of the sum insured once exhausted during the pandemic or demand lower premiums to contribute, if any," informs Agarwal.

Buying exclusive senior citizens health insurance plans by children for their parents can save tax for the working adults. "Helping your parents to prepare for a financial crisis is one of the best gifts that you can give to your parents. You can buy a senior citizen policy for your parents that ensures considerable coverage along with tax benefits," adds Agarwal.

Building up an emergency fund comes handy at the time of need. And, senior citizens too need to make sure they have adequate reserves to tide over financial emergencies. "It is of supreme importance to reserve cash that gives an additional factor of malleability to build helpful strategies in the light of financial crisis. Also, it is important to build a contingency fund to take care of unseen and emergency situations," says Agarwal.

If you are nearing retirement or on the verge of turning 65, it's better to buy a regular health insurance plan that comes with more options, flexible features than a senior citizen health insurance plan.

(The writer is Sunil Dhawan.)

TOP

The ever-growing need for health insurance post-pandemic - Financial Express - 7th June 2021

Since the emergence of the coronavirus disease in 2019 (COVID-19), the world has come to a standstill, forcing governments to impose lockdowns and people to confine themselves to their homes. The pandemic-declared COVID-19 has resulted in a health crisis, destroying healthcare infrastructure and economies worldwide. It is the third recorded outbreak of a coronavirus, after SARS in 2002 and MERS in 2012 which limited their havoc to specific regions. Till now, the virus has infected more than 147 million people and claimed more than 3 million lives.

Today, India ranks among the top three countries which have been hit worst by Covid-19. This health crisis has resulted in high inflation, especially medical inflation, and unemployment in the country. One of the biggest challenges of COVID-19 is its huge treatment cost which can take a toll on the finances and mental well-being of different sections of society, especially the poor and the middle-class. The growth reflects that now more and more people are starting to consider a health insurance plan as essential as other necessities for survival, in a country where insurance penetration stood below 4% in the pre-covid times.

Over the past year, we saw a steep upward trend in the sale of comprehensive health insurance plans. During the pre-covid times, the number of people who purchased comprehensive insurance plans was approximately 32%, while now after being hit by one of the biggest pandemics, this percentage has shot up to 55%. The data shows that COVID-19 has increased consciousness circling the importance of preventive health insurance in the country.

One of the key reasons for the increase in the sales of health insurance plans is the fact that all health insurance providers were mandatorily made to provide coverage for COVID-19 treatment under their regular health insurance plan by the Insurance Regulatory and Development Authority of India (IRDAI).

In July 2020, the IRDAI also made it mandatory for insurance companies to offer COVID-19 specific short-term health insurance plans namely Corona Kavach Plan and Corona Rakshak Plan. These two plans were specially designed to help policyholders meet the healthcare cost incurred due to the coronavirus disease. The regulator had also earlier in the year launched a Standard Health Insurance Product (SHIP) by the name Arogya Sanjeevani Policy to help people enjoy a standard and comprehensive health insurance coverage. All these steps by the IRDAI contributed positively to the health insurance well-being of the policyholders by keeping them insured against medical contingencies during these tough times.

In a nutshell, the COVID-19 pandemic has made us all realise the importance of health and health insurance plans. It has made us come to terms with the fact that how crucial it is to remain financially shielded as emergencies, especially medical emergencies, come without a warning sign and can result in a financial strain along with emotional grief. However, while purchasing a health insurance plan it is also important to check the coverage of the plan. You must check if your plan provides enough coverage for pre and post hospitalisation, inpatient and outpatient hospitalisation, annual health check-ups, or for any specific disease against which you wish to remain shielded. You can also enhance the coverage of the plan with the help of various rider options like critical illness cover, maternity cover, OPD cover, room rent waiver cover, etc., and customise the plan as per your exact requirements.

(The writer is Ankit Agrawal.)

TOP

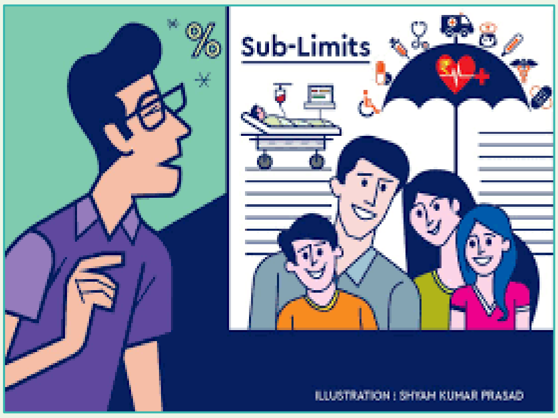
Be money ready for Covid: All you need to know about health insurance, home treatment costs and more - The Economic Times - 7th June 2021

Desperate scenes such as this were witnessed across the country in April and May as the Second Wave of Covid peaked with unexpected rapidity. While a 14-day quarantine at home had worked earlier, now the dipping oxygen levels required hospitalisation. The surge in demand, and shortage of hospital beds, oxygen cylinders and drugs, saw the prices shoot through the sky. Not just medical suppliers and vendors, but some of the hospitals, too, took undue advantage of the situation. Many hospitals in the capital breached the Delhi government order capping per day package rates of Rs 8,000-18,000 for Covid treatment in private hospitals, by charging as high as Rs 50,000-60,000 per day; ambulance services, which typically cost Rs 1,500-2,000, were now available for Rs 10,000-12,000; the Remdesivir injection, which at the time cost Rs 2,800-5,400, was sold for as high as Rs 1 lakh; an oxygen cylinder that would have cost Rs 1,500-2,000, was being sold for Rs 30,000-50,000. "For hospitals, the cost of treatment for Covid patients has gone up as they have set up dedicated Covid wards, ensure social distancing norms during treatment, and sanitise the wards time and again. They are being forced to pass on a part of costs to patients, resulting in high bills," says Sanjay Datta, Chief-Underwriting, Claims and Reinsurance, ICICI Lombard General Insurance.

(The writer is Riju Mehta.)

TOP

Health Insurance: Keep an eye on sub-limits in your policy - Financial Express – 7th June 2021



As people go about buying health insurance policies to ensure financial protection in case of a medical emergency due to Covid-19, they should look at the various sub-limits mentioned in the policy as these can curtail the coverage. While opting for a policy with sub-limits will lower the premium to be paid, it will lead to a lower claims payout and increase the out-of-pocket expenses of the policyholder.

Health insurance companies put a sub-limit on policies which is usually a percentage of the sum insured or a fixed amount. The sub-limits are mentioned in terms and conditions of the policy document. In policies with sub-limits, the company will not pay the full amount claimed and a part of the medical expenses will have to be paid by the policyholder. There are various types of sub-limits such as room charges, treatment of certain diseases, post hospitalisation, etc., and are applicable to both cashless and reimbursement claims. It is better to get admitted for a treatment in a network hospital listed by the insurance company as the rate structure is fixed mutually by hospitals and the insurance companies.

Sub-limit on room rent
This is the most common form of sub-limit in an insurance policy. Usually, insurers put a cap of 1% and 2% of the sum insured for room rent and ICU charges, respectively. If the room rent opted by the insured exceeds the rent covered in the policy, then the policyholder will have to pay the additional room rent from his own pocket. As various hospital expenses are linked with the type of room one chooses and as per the sub-limit on room rent, there will be a cap on allied services such as physicians' consultation fees, anaesthetists' charges, diagnostic tests, etc. Ideally, the insured person must opt for a room that gets fully covered under the insurance policy even with sub-limits.

Sub-limit on treatment
Most insurers have sub-limits for pre-planned medical procedures such as cataract removal, knee ligament reconstruction, kidney stones removal, tonsils, sinus which is a fixed amount based on the geographical locations. The list of ailments and cap in treatment costs will vary from one insurer to the other. The sub-limit on treatment is not linked with the sum assured, which means even if a policyholder has a high sum assured, he will not be able to claim the entire treatment expenses due to the sub-limit clause in the policy. Policyholders must take note of the sub-limits before going for a pre-planned medical procedure and inform the company or the third-party administrator before getting admitted for the pre-planned medical procedures. However, there are no sub-limits for treatment on emergency basis such as Covid-19 or coronary artery bypass graft.

Sub-limit on post-hospitalisation
In many cases policyholders after the treatment may have to stay at home for some time under medical supervision. Many insurers pay for post-hospitalisation expenses with sub-limits where the policyholders will have to pay a part of the expenses from his pocket as per the terms and conditions of the policy.

Health insurance policies with no sub-limits will have a higher premium as compared to a policy with sub-limits in various categories. If a policyholder has a cover with sub-limit, then he or his family members must ensure that the medical expenses do not cross the threshold limit. So, before you buy a new health insurance policy or renew your existing one, make sure you opt for a cover which has no sub-limits or else you will be left with limited coverage, especially at a time when the Covid-19 pandemic is raging across the country.

(The writer is Saikat Neogi.)

TOP

'Health insurance firms refusing cover to Covid-recovered patients' - Sunday Guardian - 5th June 2021

At a time when the country is reeling under a health crisis triggered by the Covid-19 virus, many health insurance companies are denying people health insurance if they have been infected with Covid-19. Major health insurance companies have quietly decided to refuse health insurance to individuals who have been affected with Covid-19, citing that the companies are at risk to enrol them for the first few months of their recovery since they have reports of many patients showing cases of symptom relapses and hospitalisation for Covid-19 recovered patients in the first three months.

Most of these health insurance companies have framed policies of a "cooling off" period of 45 to 180 days for Covid-19 recovered patients before they are issued any health insurance policies. Many people reached out to The Sunday Guardian expressing their anguish over the "arbitrary" policy which deprives people of something which is "as basic as health insurance".

Manisha Singh, a home maker in New Delhi, told The Sunday Guardian that she was looking to purchase health insurance for her two children who just recovered from Covid-19, but all the major companies turned her away saying that her children had to wait for at least 45 days.

"We have seen what happened during the second wave of Covid-19 in Delhi; people who did not have insurance were being ripped off by hospitals. Understanding the importance of health insurance, I decided to enrol both my children who just recovered from Covid-19, but all the insurance companies that we reached out to said that they couldn't issue us any insurance for 60 days since my children were Covid-19 positive around 20 days ago. Is this not unfair and arbitrary? I urge the government to intervene in this matter," Manisha said.

A businessman from Delhi, who had to be hospitalised for Covid-19 and has recovered, was allegedly told by the Max Bupa health insurance company that he had to wait for at least 120 days before he could be issued a health insurance by Max Bupa, while ICICI Lombard health insurance company told him that he had to wait for 90 days before he could be issued a policy since he was recently hospitalised with Covid-19.

"I had to be hospitalised with Covid-19 earlier in the month since I started having breathing problems and had to shell out a huge sum of money to the hospital. I decided that I will go for health insurance. I contacted almost all health insurance companies, but no one is ready to issue me an insurance since they say that I had Covid and, therefore, have to mandatorily serve a waiting period before I can purchase it. Covid-19 is an unprecedented situation and even in such a case, if insurance companies deny health insurance to recovered patients, I think Prime Minister Narendra Modi must intervene here," the businessman from Delhi told this newspaper.

The Sunday Guardian also contacted Max Bupa and ICICI Lombard health insurance companies through their customer care numbers, and both these companies accepted that such a policy on Covid-19 was brought by the company in March this year after analysing the risk of insuring Covid recovered patients.
An executive with Max Bupa, whose name we are concealing for security reasons, told The Sunday Guardian that the company had informally told the sales team on the office "floor" sometime in March that they will have to refuse health policy to Covid recovered patients for at least 90 days or three months.

"There is no official notification on this, but we were told that Covid-19 recovered patients cannot be issued new policy since the risk of hospitalisation is much higher in them for the first three months and, therefore, we cannot give them insurance," the executive with Max Bupa said. The Sunday Guardian received a similar response from ICICI Lombard, whose executive also said that even their company had brought this policy whereby health insurance would be denied to individuals applying for the same. None of these companies have issued any formal notification or advertisement on their website or elsewhere making the public aware of this policy.

However, when The Sunday Guardian reached out to Max Bupa health insurance for a comment on this story, an emailed official response from Max Bupa shared by a company spokesperson said, "At Max Bupa, we treat Covid-19 as an infection and not as a pre-existing condition and, therefore, a three-month cooling-off period, post testing negative, allows a reasonable time for our customers to assess whether they have developed any post-Covid complications and make those declarations as part of their medical history at the time of purchase of health insurance policy."

It further added, "A cooling off period is being applied for reasons like inadequate understanding of Covid-19 yet, and information about it is being enriched on a regular basis. There is no established pattern of complications as it can be pulmonary, circulatory, etc. In such a case, it would be extremely difficult for us as an insurance company to make out if it is related to Covid or not and we do not want to reject any claim on the basis of the assumption that the patient's pulmonary complication is related to a pre-existing condition. As a result, we have taken a decision to leave a reasonable cooling off period of three months for our customers and not treat Covid as a pre-existing condition at all." The Sunday Guardian has also written to the IRDAI (Insurance Regulatory and Development Authority of India) seeking a response on the story through email. However, till the time of going to press, this newspaper did not receive any communication from the insurance regulator.

(The writer is Dibyendu Mondal.)

TOP

COVID medical insurance claims on the lower side – The Hindu - 5th June 2021

Medical insurance claims for COVID-19 patients accounted for just 5.3% of all the persons testing positive in Karnataka while claims for dead accounted for 7.3% of total COVID-19 deaths in the State. Out of the total 26,04,431 positive cases reported in Karnataka till May 31, a total of 1,40,198 insurance claims, accounting for 5.3 per cent, had been made. Medical insurance is extended to COVID-19 patients under hospitalisation as well as home isolation.

Similarly, 2,150 insurance claims had been made for the persons dying of COVID-19 in the State so far while a total of 29,090 deaths had been reported till May end. The insurance claims for dead accounted for 7.3% of all COVID-19 deaths in the State. According to data made available by General Insurance Council of India to Project Jeevan Raksha, a public-private initiative to analyse COVID-19 trends across the country, the percentage of insurance claims for hospitalisation and home isolation against total COVID-19 patients as well as claims for the dead against total COVID-19 deaths were marginally lower in Karnataka than across India.

Though the number of claims dipped from 5,504 in January this year to 1,053 in February, it rose to 4,302 during March before reaching 6,679 during April and catapulting to a whopping 57,581 during May, the month that witnessed COVID-19 peak in the State. Mysore Sanjeev, convenor of Project Jeevan Raksha, said there had been a decline in the percentage of insurance claims against total cases in the State from March this year – from 8% in March to 5% in April and May. Even though the number of claims increased, their percentage against total cases came down.

Financial burden

"This trend indicates there is a possibility of private hospitals insisting on direct payment for treatment and also an increase in the number of uninsured patients undergoing treatment," said Mr. Sanjeev, adding that the financial implication of undergoing COVID-19 treatment in private hospitals was forcing lower and middle income families to avoid hospitalisation in the early and moderate stage of infection, thus exposing themselves to higher risk. The financial burden arising out of COVID-19 treatment in private hospitals may be contributing to the higher mortality in Karnataka, especially in semi-urban and rural areas.

Citing data available with the National Statistical Office functioning under the Union Ministry of Statistics and Programme Implementation, Mr. Sanjeev said more than 80% of the country's population or more than 108 crore people in India have no option but to fund their hospitalisation expenses from their savings, which are otherwise kept for their retirement, children's education or children's marriage. Barely 13 per cent of the country's citizens are covered under government-sponsored health insurance schemes, he added.

(The writer is Laiqh A. Khan.)

TOP

Over 20 percent health policy buyers redeem 'wellness points' for discount on renewals – Live Mint – 5th June 2021

As medical costs increase every year, it is important to have a health insurance policy and to stay fit. According to a study by Policybazaar.com, over 20% of people who purchased health insurance plans in March and April of last year renewed their policies through wellness points this year.

Policyholders are now using their 'wellness points' during health policy renewal to get insurance premium discounts.

This tells us how policyholders are slowly and gradually shifting toward a preventive mindset that deviates from traditional health policy offerings. According to the International Data Corporation (IDC), the Indian wearables market has grown 144.3% year on year in 2020.

The quarter from October to December 2020 was the most important in the country for the wearables category, with triple-digit growth, the study revealed.

According to the Insurance Regulatory and Development Authority of India's (Irdai's) guidelines on preventive and wellness features, insurers are asked to incentivise the insured who is eligible for the reward points and meets the wellness criteria. Insurers are rewarding policyholders with a variety of services known as wellness benefits, which are simply a value-addition to the health insurance coverage provided at no additional cost.

Insurance companies are utilising wearables and health apps that provide benefits such as blood sugar monitoring, BMI, pedometer, behavioural counselling, and video/teleconsultation with doctors, according to the study. Some insurers use external motivators such as rewards, monetary discounts, and digital badges to encourage customers to live healthier lifestyle.

Insurers offer discounts on renewal premiums if the insured person exhibits healthy behaviours such as a number of steps per week, calorie count, and a healthy heart rate. Customers are also being enrolled in wellness programmes by insurance companies. These wellness reward programmes (WRP) are designed to encourage insured individuals to participate in certain activities to stay active and medically fit.

Amit Chhabra, head-Health Insurance, Policybazaar.com said, "Stress management, wellness points, preventive health check-ups, gym and yoga memberships and nutritional guidance are some of the elite features of new-age health insurance plans or wellness-oriented health covers."

He further said, "Some notable plan names and features include Max Bupa Health Insurance ReAssure's - Live Health Benefit, which provides a discount of up to 30% on renewal premiums. Similarly, Aditya Birla's Health Activ Assur Diamond and Activ Health Platinum plans offer renewal premium discounts of up to 100%. You can also purchase HDFC Ergo Health's Optima Restore and Manipal Cigna's ProHealth to save up to 8% and 20% on renewal premiums, respectively."

(The writer is Navneet Dubey.)

TOP

Asia Pacific: Financial anxiety remains despite vaccine rollout, fuelling demand for insurance – Asia Insurance Review

More than a quarter of respondents in Asia Pacific (APAC) remain concerned about how they will recover financially from the COVID-19 pandemic, while the topic of mental health rises to the top of consumers' health concerns, as shown in Swiss Re's 2021 APAC COVID-19 consumer survey.

Other findings include:
1 in 4 respondents rank mental wellbeing as their top health concern today, with an increased focus on managing physical health.

1 in 2 respondents are interested in purchasing through insurers' online websites and apps in the future. In the past six months, 39% of total transactions completed were through insurers' online website and apps.

Customers have become more price sensitive, with 80% of respondents indicating price as the most important decision factor in purchasing an insurance policy.

The global reinsurance giant Re commissioned two annual consumer surveys across markets in APAC, the first in April 2020 and a second in January to February 2021, to help insurers better understand consumer sentiment in the region. The results provide valuable insights into how COVID-19 has affected consumer behaviour, implications for the insurance industry, and how insurers can better respond to evolving needs.

This year's survey covers 7,000 respondents across 12 markets, and includes Australia, New Zealand, mainland China, Hong Kong, India, Indonesia, Japan, Singapore, Thailand, Malaysia, Vietnam and South Korea.

Health concerns drive medical insurance premium growth
Mr Russell Higginbotham, CEO Reinsurance, Swiss Re Asia, said, "COVID-19 has exposed shortfalls in consumers' insurance protection, where increasing health concerns have translated into strong health insurance premium growth in several markets such as Thailand, Singapore and China."

As the Swiss Re Institute report highlights, an immediate area of concern has been health and financial stress brought on as a result of the global economic downturn from the pandemic. The COVID-19 experience has also prompted consumers in APAC to rethink their insurance needs.

"The rising awareness of health and mortality risks are key factors that drive strong growth in risk and health insurance premium, even in the middle of the COVID-19-triggered economic recessions," said Ms Irina Fan, head of Insurance Market Analysis at the Swiss Re Institute. "For instance, in 2020, health insurance premium maintained double-digit growth of 10.5% in APAC, in contrast with previous the global financial crisis, when health-related premium growth slowed down sharply."

Health insurance remains top of mind for consumers, with medical reimbursement and critical illness ranking as areas that consumers are keen to seek more protection in the future.

Price and coverage
The stress of the pandemic has also made insurance customers more price sensitive. Across all the markets, 80% of respondents said that price is the most important factor in insurance purchase decisions (up 5% from 2020). COVID-19 has also prompted greater attention to policy coverage. When asked, 33%

of respondents in the region rated breadth of cover as the most important insurance element – this is of particular importance to buyers in mainland China, Hong Kong and Malaysia.

Digital access and health management
In addition, customers now see digital access to process transactions and speed of claim processing/payment as standard offering when looking for policies. Swiss Re's survey also highlights how the pandemic has promoted more proactive management of personal health and increased emphasis on mental wellness. Across the region, 71% of respondents indicated they are practising stricter personal hygiene habits, 50% implementing healthier diets, 48% getting more exercise and 40% practising better sleeping habits.

Mr Michael Rolf, head of Solutions Groups Life & Health Asia, at Swiss Re, said, "Mental wellbeing, sleep, exercise and nutrition were all highlighted in the survey. These are a few of the lifestyle factors we refer to as 'The Big Six' because they present many opportunities for our industry – alternative data use, better customer journey and engagement, an ability to improve customer health, and the possibility of underwriting in an entirely new way."

The increased use of health apps is an area where insurers can play a more important role in engaging consumers. Since the start of the COVID-19 outbreak, there has been significantly higher acceptance of digital interactions with insurers and more frequent digital touchpoints for health management and insurance purchases, especially in emerging Asia. The survey shows in the past six months, 39% of the total insurance policy purchases were completed using insurers' online platforms or via an app. Going forward, Swiss Re expects digital insurance purchases to continue to see an uptick in APAC, with 50% of respondents interested in purchasing through an insurer's website or app in the future. As such, the insurance industry will need to continue to apply digitalisation throughout the insurance value chain to remain relevant and connected to customers.

Socialising
This year's survey also showed that many people are keen to return to some semblance of normal social life, although one-third of respondents are still keen to maintain social distancing and avoid large gatherings such as concerts and festivals due to the uncertainty around COVID-19. With social behaviours evolving, there are opportunities for insurance companies to tailor new and more flexible solutions to meet evolving consumer needs – for example, protection for consumers' increasing online transactions. Heightened risk concerns around mental wellbeing and growing interest in non-traditional distribution channels have also given rise to more innovative product offerings across the APAC region.

TOP

General insurance sector may see 7-9% growth in GDPI in FY22: Report - The Economic Times - 8th June 2021

Helped by higher growth in health and motor insurance segments, the general insurance industry is likely to clock a 7-9 per cent growth in gross direct premium income (GDPI) in the financial year 2021-22, ICRA Ratings said in a report. In 2020-21, the industry's total GDPI grew four per cent y-o-y to Rs 1.85 lakh crore.

While public sector insurance companies were slower to adjust to an online mode of growth, the reliance on physical meetings were higher which resulted in a two per cent y-o-y decline in business (Rs 71,800 crore in FY2021), the credit rating agency said in the report.

The private sector companies reported an eight per cent y-o-y increase in gross direct premium income (GDPI) to Rs 1.13 lakh crore in the same period, the agency added. "We expect a 7-9 per cent growth in GDPI in FY2022, supported by growth in health segment and uptick in motor segment," the agency's Assistant Vice-President and Sector Head (Financial Sector Ratings) Sahil Udani said in the report. The analysis is based on the performance of 17 general insurance companies collectively representing 90 per cent of the industry-wide gross direct premium written (GDPI) during the nine month of FY2021, the agency said. Of the companies analysed, four are from the public sector and 13 from the private sector.

Udani said that despite underwriting losses, the sector is expected to report marginal return on equity (3-4.5 per cent) in FY22, largely supported by investment income which is highly regulated by the IRDAI, the sector regulator. He said PSU insurers are expected to report marginal GDPI growth of 4-5 per cent in 2021-22 as most of them remain stretched on their solvency profile given reported losses.

The state-owned insurers are expected to post high underwriting losses of Rs 12,400-13,500 crore in the current financial year. This is due to a likely high combined ratio of 121-123 per cent in 2021-22 driven by the probable high claims ratio (on health and motor portfolio) on uncertainty related to second wave of pandemic and motor third-party tail risk, he said.

The report said the private sector players had a higher growth trajectory in 2018-19 and 2019-20, and have gained market share from the PSU players. Private sector players were able to adapt to the changing business dynamics in the calendar year 2020 at a faster pace compared to the PSU players.

The private sector, with a relatively better risk framework, was able to increase the market share in the fire segment, and health segment. The sector also has a higher share in crop insurance underwritten in FY2021, the agency said. The select private insurers (13 private players analysed) are expected to witness high single-digit business growth in FY2022.

"It is expected to be supported by high under penetration across segments in the general insurance industry and particularly likely demand for health segment post pandemic," Udani said. The agency also expects consolidation among the smaller players in the industry. The regulatory approval for foreign joint venture (JV) partner to increase stake to 74 per cent is expected to provide capital and operational control among the smaller entities with a foreign JV, he added.

TOP

Only 15 percent of India's workforce covered by health and wellness programs: Red seer – Live Mint – 7th June 2021

As the pandemic puts focus on employee health, only 72 million or 15% of India's overall workforce is covered with corporate health and wellness programs, said management consultancy Red seer on Monday. India's overall workforce includes 477 million individuals, 85% of which are unorganised blue collared employees, according to Red seer estimates.

"A mere 15% of the total workforce is covered under such programs. 405 million employees across sectors are still not part of such corporate programs. This shows there is a long way ahead of such programs. As there is a direct correlation between health and performance, organizations must look into ways to increase the reach of such programs and how to move the needle on employee well-being," said Red seer, as a part of a statement.

Corporate health programs include health insurance, telemedicine, pharmacy access, gym access and health check-ups, and includes various sectors like manufacturing, BFSI, logistics, agriculture, trading among other industries. At present, the corporate health and wellness market in India is worth ₹55,000 crore. However, with the pandemic forcing employers to ramp up health covers for their employees, India's corporate health insurance market has picked up steam and is expected to grow at a compound annual growth rate of 20% to ₹65,000 crore by financial year 2024-25 (FY'25).

The corporate health insurance market is pegged at ₹31,000 crore by Red seer. "With increased focus on healthcare especially after the second wave of Covid-19, the insurance segment is expected to grow with a growth rate of 20% by 2025 while demand for insurance with outpatient department (OPD) services is also increasing. Coverage for pharmacy bills, diagnostics test, outpatient dental treatment and health check-up are some of the areas wherein companies are keenly looking at," said Red seer.

In the employee wellness category, health check-up and telemedicine consultations offerings for employees have picked up steam, as corporates begin to provide these services to staff members. Both activities currently contribute to 61% of India's ₹23,000 crore corporate wellness market, show Red seer's estimates.

Other offerings from corporates towards employee wellness include gym access and access to pharmacies. According to Red seer, the employee health and wellness market is dominated by a number of players including Practo, CureFit, Ekincare, Apollo, MediBuddy among others, which are increasingly providing health insurance, check-ups, gym, mental wellness, health coaching and online consultations.

TOP

IRDAI CIRCULARS

Topic	*Reference*
List of Insurance Repositories	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo2054&flag=1
List of Insurance Marketing Firms as on 31.05.2021	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo2744&flag=1
List of corporate agents registered with the authority	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo2818&flag=1
New Business Statement of Life Insurers for the Period ended 31st May, 2021	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4506&flag=1

TOP

GLOBAL NEWS

Sri Lanka: Non-life insurance sector's earnings expected to fall this year – Asia Insurance Review

Earnings in the non-life insurance sector in Sri Lanka are expected to decline in 2021 with claims picking up from unusually low levels in 2020, says Fitch Ratings.

Motor claims frequency is likely to gradually increase while a potential weakening of the rupee against major currencies may also raise claim costs. Fitch believes that steady growth in non-life insurers' exposure to medical insurance policies, which typically have higher claims ratios, may also contribute to profit normalisation in the medium term.

Fitch thinks the impact on claims ratios from the renewed travel restrictions from May 2021 will be limited unless these restrictions are extended or expanded to control the spread of the coronavirus.

In addition, Fitch believes that investment incomes of most non-life insurers underwriting short-tail liabilities will soften in the near term due to their high exposure to short-term, fixed-income assets that will likely be repriced at a lower yield at maturity due to the low interest rate environment. Growth in new non-life business volumes will also be limited by a reduction in new-vehicle registrations as a result of the government's curbs on motor-vehicle imports to control currency depreciation. Fitch expects the ban on motor-vehicle imports to continue at least over the near term. Fitch also believes the high price competition in the domestic non-life industry will constrain insurers' ability to pass on higher input costs through price increases to policyholders. However, the insurers' efforts to digitise distribution and the gradual increase in exposure of some insurers to non-motor lines, such as medical, fire, property and microinsurance classes, should partially offset pressure on non-life business growth.

RBC ratios

The regulatory risk-based capital (RBC) ratios of non-life insurers in Sri Lanka will normalise in the medium term with the resumption of dividend pay-outs to shareholders and a likely moderation in earnings, Fitch says.

RBC ratios of non-life insurers improved considerably in 2020 due to the low motor and medical insurance claims following pandemic-led lockdowns as well as insurers' high retention of profits. Fitch estimates the regulatory available capital of Fitch-rated non-life insurers to have increased by 30% in 2020 compared to an increase of 6% in 2019. As a result, the average RBC ratio of rated non-life insurers rose to 278% in 2020 from 221% in 2019 (2018: 211%).

Claims from motor and medical insurance, which collectively accounted for well over 60% of the industry's premiums and net claims, markedly reduced last year. Claims ratios of Fitch-rated non-life insurers improved to 49% in 2020 (2019: 66%), supporting underwriting profitability.

Dividends

In addition, a directive in 2020 by the Insurance Regulatory Commission of Sri Lanka for all insurers to suspend dividend distributions contributed to the insurers' higher profit retention. Fitch observes that most insurers have restarted dividend distribution in 2021 upon obtaining regulatory approval, although some insurers continue to cautiously retain a portion of profit to enhance capital buffers to weather any potential earnings volatility from COVID-19-related disruptions.

TOP

Malaysia: Takaful looks to lead the way in sustainability - Asia Insurance Review

The pandemic has accelerated a shift towards a more 'values-based' approach to takaful backed by a greater commitment towards the ESG and sustainability agenda, said Malaysian Takaful Association chairman Elmie Najas at the virtual Takaful Rendezvous meet yesterday. Mr Elmie added that members of MTA have successfully developed a framework that seeks to further ingrain sustainable business practices and values within the takaful businesses.

The Values-based Intermediation for Takaful (VBIT) initiative, which is set to be launched at the end of this month, will thus put Malaysia's takaful sector at the forefront of sustainability and set a benchmark for the wider insurance sector.

"It is expected that this framework will amplify the takaful value proposition to realise the intended outcomes of Shariah in its conduct and offerings, going beyond the minimum Shariah requirements," he said. The VBIT framework would also serve to guide the Malaysian takaful industry in drafting the sector’s roadmap over the next few years, thus allowing the industry to build up the necessary capacity to ensure consistent and effective implementation of the VBIT initiative, said Mr Elmie.

Scaling up through digitalisation

The digital transformation journey which the takaful sector undertook prior to the pandemic has put the industry in a good position to adapt to changes that have been brought on by the COVID-19 crisis. “We have seen an explosion in remote sales capability and the use of customer apps to service customers. The COVID-19 situation has significantly accelerated opportunities for digital engagement and digitised delivery for the industry,” said Mr Elmie.

The takaful sector has found it hard to achieve scale for more than a decade and to overcome the advantage that conventional insurers have in terms of distribution. But technology may well help the industry overcome such barriers. “It has given the takaful industry a new capability to now reach and service customers across physical locations or boundaries. With more and more customers being more comfortable with online transactions and face to face interactions via video calls, the industry is entering an exciting period of change and technology will be the key driver of growth,” he said.

Despite the challenging conditions, Malaysia’s family takaful segment last year registered a 7% increase in new business contributions to MYR6.59bn ($1.6bn). Meanwhile, the general takaful business recorded a 4.4% increase in gross contributions to MYR3.31bn with motor takaful accounting for two-thirds of premium volume. Interestingly, the online channel grew by 22% last year to MYR213mn in gross contributions with motor takaful sales responsible for 96% of online sales. The Takaful Rendezous 2021, organised by Asia Insurance Review and supported by the Malaysian Takaful Association, ends today.

TOP

Malaysia: Takaful looks to lead the way in sustainability - Asia Insurance Review

The pandemic has accelerated a shift towards a more 'values-based' approach to takaful backed by a greater commitment towards the ESG and sustainability agenda, said Malaysian Takaful Association chairman Elmie Najas at the virtual Takaful Rendezvous meet yesterday. Mr Elmie added that members of MTA have successfully developed a framework that seeks to further ingrain sustainable business practices and values within the takaful businesses.

The Values-based Intermediation for Takaful (VBIT) initiative, which is set to be launched at the end of this month, will thus put Malaysia’s takaful sector at the forefront of sustainability and set a benchmark for the wider insurance sector.

“It is expected that this framework will amplify the takaful value proposition to realise the intended outcomes of Shariah in its conduct and offerings, going beyond the minimum Shariah requirements,” he said. The VBIT framework would also serve to guide the Malaysian takaful industry in drafting the sector’s roadmap over the next few years, thus allowing the industry to build up the necessary capacity to ensure consistent and effective implementation of the VBIT initiative, said Mr Elmie.

Scaling up through digitalisation

The digital transformation journey which the takaful sector undertook prior to the pandemic has put the industry in a good position to adapt to changes that have been brought on by the COVID-19 crisis. “We have seen an explosion in remote sales capability and the use of customer apps to service customers. The COVID-19 situation has significantly accelerated opportunities for digital engagement and digitised delivery for the industry,” said Mr Elmie.

The takaful sector has found it hard to achieve scale for more than a decade and to overcome the advantage that conventional insurers have in terms of distribution. But technology may well help the industry overcome such barriers. “It has given the takaful industry a new capability to now reach and service customers across physical locations or boundaries. With more and more customers being more comfortable with online transactions and face to face interactions via video calls, the industry is entering an exciting period of change and technology will be the key driver of growth," he said.

Despite the challenging conditions, Malaysia's family takaful segment last year registered a 7% increase in new business contributions to MYR6.59bn ($1.6bn). Meanwhile, the general takaful business recorded a 4.4% increase in gross contributions to MYR3.31bn with motor takaful accounting for two-thirds of premium volume. Interestingly, the online channel grew by 22% last year to MYR213mn in gross contributions with motor takaful sales responsible for 96% of online sales. The Takaful Rendezous 2021, organised by Asia Insurance Review and supported by the Malaysian Takaful Association, ends today.

TOP