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INSUNEWS

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● Quote for the Week ●

"The roots of true achievement lie in the will to become the best that you can become."

Harold Taylor

INSIDE THE ISSUE

Insurance Industry

HC seeks regulator opinion on plan to recover unpaid hospital bills – The Times of India – 6th October 2016

The Bombay high court on Wednesday sought a response from Insurance Regulatory and Development Authority (IRDA) on insurance companies floating a scheme where hospitals can recover unpaid bills.

A bench of Justice Vidyasagar Kanade and Justice Swapna Joshi was hearing a public interest litigation (PIL) for solution to patients, or even corpses, detained by hospitals over non-payment of bills. The court, during a previous hearing, had asked if there is a mechanism evolved using which a patient, who does not have mediclaim, can be insured by the hospital and correspondingly, assurance is taken from insurance companies to pass such claims.

The advocate for Association of Hospitals in Mumbai said that it has written to the IRDA on September 29 to explore a possibility of insurance companies floating a scheme under which unpaid hospital bills can be paid by insurance companies. "Hospitals are willing to pay a premium. They must come out with a scheme," he said.

The advocate also informed that the association has written to insurance companies—like New India Assurance, Oriental Insurance and United National Insurance, asking them if it is possible to float an insurance scheme for this purpose.

In its order, the high court bench said: "If such a scheme is floated, this issue would then be resolved and be beneficial to patients who are admitted in hospitals as well as to hospitals and their managements."

The bench observed that in places like England citizens can avail of publicly funded health coverage. It bemoaned the fact that large number of persons in India are bereft of mediclaim and said it will ask the government to look into it. "We have a large section of people living below the poverty line. Middle and upper class are in position to pay,'' said Justice Kanade.

The court was also informed that the government proposes to constitute a grievance redressal mechanism so that a patient who is detained can complaint to it and likewise, even to hospitals, if bills are not paid. "In our view, considerable progress has been made for redressal of this issue," said the bench. The judges issued a notice to the IRDA. Posting the next hearing on October 5, the HC added that it is hopeful that the IRDA and insurance companies will respond to the association's plea.

Source

Back

New insurance guidelines likely to improve standards in state hospitals - The Times of India – 5th October 2016

About 7% of the 10,000 knee-replacement surgeries done in medium and small government and private hospitals every year end up in complications, a number far higher than international benchmark of 1%-2% complications. This, doctors admit, is one of the many outcomes of inadequate infrastructure and lack of awareness among healthcare personnel.

In order to curb such compli cations, Insurance Regulatory and Development Authority (IRDA) has made it mandatory for all of its 33,000 empanelled hospitals to abide by its new guidelines.

“In 2012, it came to our attention that the cost of insurance premium was not based solely on outcomes or patient safety. Quality was nowhere in the picture. Also, there were rumours of kickbacks being paid for empanelment by hospitals to insurance providers. There was no standar dization in the facilities and treatment provided by all the insurance healthcare providers,“ said Dr Alex Thomas, a board members of National Accreditation Board of Hospitals and Healthcare Providers (NABH).

“All healthcare providers offering cashless services for allopathic treatment should meet preaccreditation entry level standards laid down by National Accreditation Board of Hospitals and Healthcare Providers (NABH) or such other standards or requirements as may be specified by the authority from time to time within a period of two years from the date of notification of these guidelines,“ reads the new IRDA guidelines. “Common people are not are about quality standards for aware about quality standards for hospitals. ISO standards do not reflect quality standards in hospitals. With the change in guide lines, all hospitals will have to fulfill NABH criteria for certification and have to adhere to basic standards that ensure patient safety,“ said Dr Manivannan Selvaraj from Tamil Nadu.

“Earlier benchmarking was not possible to compare hospitals.Now NABH accreditation has made that easier. Since benchmarks are defined in critical areas under accreditation, it becomes easy for hospitals to work towards achieving quality goals.Earlier, individual hospital authorities defined their own standards, leading to malpractices.Now government approved standards are available to judge the quality of hospitals,“ he explained.

NABH accreditation criteria sets standards for patient safety, infection-control measures, employee engagement, record maintenance, care of vulnerable patients and basic safety of patients.They also mandate basic fire-safety measures, the lack of which has resulted in accidents in hospitals.

TIMES VIEW
Safety of patients is paramount and hospitals and healthcare providers should adhere to the highest standards. In the absence of a high standard of medical ethics and since enforcement of rules and laws is so lax in India, it is good that regulatory authorities like IRDA are bringing in guidelines to ensure that basic criteria are in place in its empanelled hospitals.

Source

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Life Insurance

Insurer is liable for delayed decision - Business Standard – 5th October 2016

Sanjay Bare had taken a policy from Life Insurance Corporation of India (LIC). For a cover of Rs 39 lakh, the yearly premium was Rs 1,68,609. The policy was for 24 years starting November 25, 2004. The policy lapsed for non-payment of premium. But, a clause in the policy permitted its revival within five years, subject to undergoing a medical check-up. Sanjay applied for revival of the policy on September 1, 2009, and also underwent a medical check-up by LIC's panel doctor on payment of the requisite charge.

According to the Insurance Regulatory and Development Authority of India's (Irdai's) guidelines, LIC was required to inform Sanjay about the acceptance or rejection of his request for renewal within a period of 15 days. LIC did not do so. Instead, the insurer wrote to Sanjay informing him that his request for revival had been deferred by six months without assigning any reason. Sanjay received the letter on January 1, 2010. He died the very next day due to an accident.

Sanjay's widow, Meena, filed a complaint before the Maharashtra State Commission alleging deficiency in service for failure to take a decision on the revival application, and demanded that LIC must pay the benefits under the policy.

LIC contested the complaint, stating that the policy had lapsed without acquiring any guaranteed surrender value, due to the non-payment of premium. The reports of the medical check-up undergone at the time of applying for renewal had been forwarded to the Nasik Divisional Office, which in turn had referred them to the zonal office. The decision "without commitment postponed for six months" was taken by the zonal office. LIC contended that there was no coverage in force on the day when Sanjay expired. Since the request for revival was not accepted, it should be considered a deemed rejection, argued LIC. The insurer's stand was that in the absence of any communication confirming the acceptance of the proposal, there could be no concluded contract. It sought a dismissal of the complaint.

The State Commission observed that the Irdai regulations cast an obligation on the insurance company to decide on a proposal within a period of 15 days. The Commission also differentiated between a fresh proposal where there was no concluded contract till its acceptance, and an already concluded contract where a policy which had already been issued was pending for revival.

In a landmark ruling by Narendra Kawde for the bench along with A P Bhangale, the Maharashtra State Commission concluded that the failure to communicate the rejection of the revival application within 15 days as provided under the Irdai regulations would constitute a "deemed approval". Accordingly, the State Commission directed LIC to pay Rs 39 lakh towards the sum insured, with additional equivalent amount towards double accident benefit, totalling Rs 78 lakh. This amount was ordered to be paid within 45 days, else it would carry nine per cent interest for the period of delay. In addition, litigation costs of Rs 30,000 were also awarded.

Source

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NEW PRIVATE INSURERS SHOW INTEREST - PM's Life Policies for Poor a Flop, but Prospects Bright after Revised Rules - The Economic Times (Delhi) – 4th October 2016

The prime minister's life insurance scheme for the poor has been a flop in the first year with all the underwriters incurring losses. But prospects are bright as it is drawing many new private insurers such as PNB MetLife and others.

Insurers are considering selling Pradhan Mantri Jeevan Jyoti Yojana scheme now after the government has changed its position on earlier claims.

“We are evaluating our options and looking forward to participating in this journey to improve insurance penetration with our bank partners,“ said Tarun Chugh, managing director, PNB MetLife.

The PMJJY plan was launched by the prime minister last year and was positioned as a social security scheme available for a low premium of `330 a year for cover of `2 lakh. But a flurry of early claims created a viability situation last year. The government addressed the issue this year, when it decided to incorporate the exclusion period. Now, companies can reject early claims within 45 days.

Insurance companies have been seeing claims being made within 45 days of buying the policy . These were mostly suspected to be fraudulent claims. Companies did not have any evidence to show that it is fraud.“About 30-35% of the claims were reported within 45 days of issuing the policy,“ said Girish Kulkarni, managing director of Star Union Dai-ichi.

Insurance companies could not take the health report to exclude those with poor health records. These policies were sold to regular bank account holders under Jan Dhan Yojana. Around 3 crore people enrolled for the scheme. SBI Life had written premium of `200 crore under PMJJY and have paid all this as claims. “Claim experience under the Pradhan Mantri scheme was poor,“ said an SBI Life executive. “We expect claims to be 10-15% above premium.“

IndiaFirst Life earned premium of `68 crore while paid out almost double `104 crore as claims in the first year. “We see improvement in claims under the PMJJY program after the 45 days exclusion was brought in,“ said RM Vishakha, managing director of India First Life Insurance. “We see renewal of up to 90% but the sale of new policies have slowed down.“

Source

Back

Ulip surrenders grow in single digits for pvt players - Financial Chronicle – 2nd October 2016

Private life insurers are witnessing a decline in policy surrenders in the unit linked insurance plans (Ulips) segment, a problem that was rampant in the previous several years.

Insurers said while the stock market volatility could be one of the reasons stopping policyholders from exiting, insurers, too, are consciously focussing on customer retention to improve persistency and profitability of their business as they prepare to list in the coming time. However, public sector behemoth Life Insurance Corporation (LIC), which has a large portion of traditional policies, is surprisingly seeing a higher incidence of policy surrenders.

After the country's largest private life insurer ICICI Prudential Life got listed last month, the regulator is working on making listing mandatory for all insurers that have completed 10 years of operation.

A study by Financial Chronicle shows that policy surrenders have been declining since 2015-16 and in April-June 2016 for private life insurers. ICICI Prudential Life Insurance saw surrenders fall by 13 per cent to Rs 2641.8 crore during the first quarter ended June 30, 2016. Of the total number of policy surrenders reported during the first quarter of the current year, the highest were from Ulip policies at Rs 1409.3 crore and Rs 990 crore from Ulip pension plans. Policy surrenders/withdrawals were Rs 3,037.6 crore during the same quarter of the previous year. For 2015-16, surrender payouts at ICICI Prudential Life Insurance stood at Rs 11206.7 crore — a fall of 0.9 per cent. Lower policy surrenders indicate that customers chose to pay their renewal premium on time, which helped improve the persistency levels of the business. Persistency ratio is the percentage of life insurance policies remaining in force. In other words, it is the percentage of polices that have not lapsed.

Persistency is a valuation metric, which indicates an increased scope of future income from existing policies and has been going up. ICICI Prudential's 13th-month persistency ratio for FY16 stood at 83 per cent — highest among all private life insurers — compared to 79 per cent in FY15. Its 49th-month persistency ratio stood at 62.9 per cent in FY16, against 54.4 per cent reported in the year-ago period. The 61st-month persistency too improved to 42.6 per cent compared to 14.5 per cent in the year ago period. The company's assets under management (AUM) as on March 31, 2016, was Rs 1.03 lakh crore. At a recent press conference, ICICI Prudential Life Insurance officials said that the surrenders were happening from old Ulips policies and not from the new policies, which have helped improve its persistency ratios.

Ulips are insurance-cum-investment plans where a small portion of the premium is deducted (as the mortality charge) towards providing an insurance cover while the rest of the premium is invested into equities/debt or a mix of both. While policy surrender is a problem for all companies, it is more pronounced in the case of the insurers that have large banks as bancassurance partners. This is because after October 2010, when the regulator revamped Ulip regulations, insurers that did not have banks as distributors cut down selling Ulips and moved towards selling traditional policies. However, the insurers, which had banks distributing their policies, were better placed to offer Ulips to high networth individual customers of banks. On account of a well-developed banking sector, bancassurance has become the largest channel for private players.

HDFC Life: For the first quarter ended June 30, 2016, surrenders in the case of HDFC Life rose by 8 per cent to Rs 1,421 crore, compared to Rs 1,310.6 crore. However, for 2015-16, surrenders/lapsation fell by 21 per cent to Rs 4,950.4 crore, compared to Rs 6,289.7 crore in 2014-15.

SBI Life: SBI Life, which had been witnessing a consistent fall in surrenders year-on-year, reported an increase in policy surrenders by a whopping 136 per cent to Rs 1,678.13 crore (as on June 30, 2016), compared to Rs 710 crore reported in the same quarter of the previous year. Of this, Ulip surrenders formed the major chunk, with Ulip life policy surrenders at Rs 919.54 crore and Ulip pension plan surrenders at Rs 89.21 crore. For the year ended March 31, 2016, surrenders were to the tune of Rs 3,397.26 crore, compared to Rs 4,694 crore in 2014-15 and Rs 5,214 in FY 2013-14 for SBI Life.

Arijit Basu, managing director and chief executive officer of SBI Life Insurance told FC, "The surrenders are coming from products that were launched post-December 2010, after the new Ulip regulations were introduced. The new products had a lock-in period of five years. So the first batch of these customers has become eligible to surrender. While some customers have chosen to surrender their policies, the majority have chosen to continue with their policies. Therefore, the number of surrenders that have happened forms a small portion of the total surrenderable pool."

"The surrender claims have decreased by nearly 28 per cent during 2015-16. Other claims have increased on account of payouts from discontinuance fund," said SBI Life in its Annual Report 2015-16. For SBI Life, the 13th-month persistency ratio (on premium basis) has also improved to 77.67 per cent in FY16, from 76.29 per cent in FY 2015. However, it stayed low at 17.35 per cent in the 61st-month during FY16, cmpared to 9.94 per cent in FY15.

An insurance official said higher surrenders were seen in the case of the policies sold in 2010, 2011 and 2012, as the revised Ulip norms capped surrender charges at Rs 6,000. After surrender, the money is transferred to the policy discontinuation fund and the customer earns 4 per cent interest on the premiums he had paid.

For LIC, policy surrender rose 47 per cent to Rs 11,434 crore in FY17 Q1 compared to Rs 7,755 crore reported in the same quarter of the previous year.

Policy surrenders bad for insurers: Before the Ulip regulations were put into place in September 2010, Ulips had high surrender charges that would help insurers to shore up their profitability. Prior to these regulations, the insurance industry was rampantly misselling Ulips as insurance products to a large population that did not understand the vagaries of the stock market. This was leading to high lapsation and surrenders of policies. Also, many agents lured customers to surrender old policies and buy new insurance plans. This would help insurers as they could eat into the premiums paid by a customer as 'surrender charges' while the agent could earn up to 40 per cent of the premium as the first-year commission. These were the main reasons that prompted the previous Irdai chairman J Hari Narayan to cleanup the system.

The insurance regulatory and development authority of India (Irdai) first revamped the product design for unit linked insurance plans (Ulips) in 2010 and Ulip pension plans followed by new product regulations for the traditional policies and variable linked insurance plans in February 2013.

The Ulip guidelines capped upfront charges (paid by policyholders), returns and the commission payouts to agents. Soon after these guidelines were put into place, during FY11 and FY12, the industry witnessed a shift in the product mix — from linked products to traditional products. The premiums fell at an annual rate of around 19 per cent during FY11 and FY12.

The life insurance industry was focussing on selling Ulips and Ulip pension plans between FY05 and FY10, as these carried high charges for customers; the risk, too, was borne by the customer. The performance of Ulips is directly linked to primary capital markets, which witnessed a boom between FY06 and FY08, which, in turn, benefited insurance companies. In FY09 and FY10, a slowdown was witnessed in the economy, which impacted the sale of policies. The sources of revenue for a life insurance company include the investment income from the shareholders fund, operations, high persistency of policies, assets under management, profits from lapsed policies and surrender charges on old products sold.

In FY11 and FY12, a consolidated positive movement was witnessed in the reserves. However, this positive movement was mainly driven by lapsed profit on linked policies issued earlier. Insurance rules before September 2010 allowed insurance companies to write back the lapsed money as income in the books over a period of time.

Similarly, in the new traditional product norms, the sum assured was increased, the minimum death benefit was increased, and there was the linkage of an agent's commission to the premium-paying period for all products. Under new rules, guaranteed surrender values (GSV) of traditional plans for the customers have been defined and increased substantially. Prior to 2013, the GSV was 30 per cent of all the premiums paid minus the first-year premium and had to be paid only if premiums have been paid for three years. In the new products, the GSV increases progressively with the tenure of the policy. It would be 30 per cent of the premium paid in second policy year, 50 per cent of the premium paid till the seventh year and progressively increases after that.

While in a traditional life insurance policy a policyholder has to pay premium for at least three years to get a surrender value, in a Ulip, this rule does not apply. In case a traditional insurance policyholder has not paid premium for three continuous years, then all the premiums are forfeited by the insurer and nothing is paid to the policyholder at the time of closing the policy.

However, in case of Ulips, if a person has bought a policy before September 1, 2010 then he can go back to the insurance company, ask for surrendering the policy and the company, based on the current NAV minus the surrender charges, will refund the money. In case the policy has been bought after September 1, 2010 then there is a minimum lock-in period of five years. But one can stop making the premium payment and even if the policyholder has made just one premium payment, he does not have to make a payment for five years.

The money gets transferred to the policy discontinuation fund and the insurance company is entitled to deduct maximum of Rs 6,000 from that fund. The balance amount will remain in the policy discontinuation fund and be given at the end of the five-year period, which is a minimum lock-in period. In the interim period, the policyholder gets a minimum interest at the rate of savings bank account, i.e. 4 percent per annum.

Source

General Insurance

Board under Maharashtra CM Devendra Fadnavis' aide flouted norms in multi-crore welfare scheme - The Indian Express – 6th October 2016

Chief Minister Devendra Fadnavis has dropped a multi-crore welfare scheme to offer mediclaim and personal accident insurance to construction workers after the state bureaucracy flagged off irregularities in the appointment of a consultant and a contractor for the scheme.

The state-run Maharashtra Building and Other Construction Workers Welfare Board — now headed by Omprakash Yadav — had kicked off the plan's implementation before the chief minister's latest directive. Omprakash, also known as Munna Yadav, is a BJP corporator from Sai Mandir ward in Nagpur municipality, which falls in the Chief Minister's Nagpur South-West assembly constituency. In the state's political circles, he is seen as a staunch Fadnavis supporter.

In June 2015, the CM had handpicked him as the board chairman. The welfare board, which is tasked with the responsibility of providing support to construction workers, had already appointed a brokerage firm and had even selected an insurer for the project. The bureaucracy had pointed out discrepancies in the manner these appointments were made, which led to the cancellation of the scheme.

Fadnavis has now directed officials to provide health cover to construction workers under a universal scheme — the Mahatma Jyotiba Phule Jan Arogya Yojana (MJPJAY) — from October 2, but senior government officials confirmed no inquiry has so far been ordered. When The Indian Express asked the CM whether an inquiry would be launched regarding the irregularities, Fadnavis texted, "We have cancelled it. Had it been accepted, there would have been a loss. The construction workers will be covered under the MJPJAY. for which tenders have already been invited."

The controversy comes at a time when the BJP is facing flak from some quarters over funding cuts for welfare measures. Data shows the board currently has about 5.10 lakh registered construction workers, of which 2.98 lakh are "live" registrations. The state collects one per cent cess from property developers for funding the board's welfare activities. The Indian Express has obtained all documents regarding the proposal and the discrepancies found in it under the Right to Information Act. These documents show the board's now-annulled plan was to insure about 2.5 lakh live registered construction workers in the first phase, for which the government would have shelled out Rs 50.09 crore.

According to the documents, Fadnavis' decision to drop the scheme was in the backdrop of a report from Maharashtra Labour Commissioner Yashwant Kerure regarding irregularities in the manner of appointment of the brokerage firm and the insurer. Kerure had submitted his first report in this regard on March 14 this year and another one a week later. The state Labour department, too, had red-flagged violations of government norms, documents reveal.

The board, headed by Yadav, had on December 29, 2015, appointed Deccan Insurance and Reinsurance Brokers Private Limited as the broker firm. Shiv Sena's Rajya Sabha MP Anil Desai has confirmed he was an Employee Director with the firm till October 15, 2012. In his affidavit to the Rajya Sabha that year, Desai had even declared he had "pecuniary interest" in the firm and that he received a regular remuneration of Rs 8.11 lakh per year from it. While the same declaration has also been included in Desai's subsequent affidavit filed in 2014, the Shiv Sena MP told The Indian Express that "the firm's mention in the 2014 affidavit was a mistake". He said, "I've already filed an addendum to the affidavit clarifying this. I have no connections with the firm now." Just as speculation in this regard is rife in political and bureaucratic circles, even Ravishankar Paikakode, managing director, Deccan Insurance, maintained Desai was not connected with the firm now.

Brokerage firm

The Labour Commissioner's March 14 report found a host of discrepancies in the e-tendering process followed for the appointment of the brokerage firm. It had questioned the decision of the board and former Labour Commissioner H K Jawale's decision to evaluate interested bidder firms on technical parameters alone. The board's tender document, which was floated on November 21, 2015, had left out "commercial bids". Kerure's report had concluded that this worked in firm's favour since the commission charged by it remained under wraps. The Labour Commissioner has suggested that the same commission was loaded on the premium amount that the government was to pay.

Incidentally, documents show that appointing a brokerage firm was not a part of the board's original plan. On July 15, 2015, the board had resolved to issue e-tenders directly for appointing insurers. But this was revised on October 1 after Yadav himself wrote to former Labour Commissioner Jawale making a case for involving a brokerage firm, stating it would expedite settlement of claims. The same letter, which has also been referred to in correspondences between the Commissionerate and the government, had said there would be no need to pay the broker firm, which could collect commission from the insurer. Later, the board's technical committee — headed by Yadav, and comprising Jawale and Director (Audit and Treasury) — decided to invite just a technical bid.

Earlier, the government had ordered an inquiry into the broker firm's appointment after the CMO received complaints from BJP MLC Anil Sole and Congress MLA Yashomati Thakur, and an unsuccessful bidder (Prudent Insurance Brokers), in Janaury 2016, alleging irregularities in the appointment.

Thakur, in a letter to the Chief Minister on January 18, even demanded "disqualification and blacklisting" of Deccan Insurance, alleging it had misrepresented facts flouting qualification conditions of the tender. While the tender had mandated presence of claim servicing representatives in all districts as an essential criteria, Thakur submitted documents claiming representatives disclosed by the firm in at least eight district were bogus. The representatives shown were not associated with the firm, she had alleged.

Kerure, who replaced Jawale as the Labour Commissioner in February, wrote to the firm seeking a clarification regarding the allegations. Later after going through the firm's representation, he wrote to the government saying the firm had admitted that the claim servicing representatives in the districts were not on the company's roll call, and were employed on a project basis. It added that another mandatory condition flouted was the condition that the employee strength must be above 100.

While the firm countered the latter charge in a subsequent letter to the commissioner on March 19, Kerure went on to submit a second report to the government on March 21, where he stated that the firm hadn't even submitted work experience certificate of the claim servicing agents while recommending that the government should terminate the firm's contract. The blame was put on the former Labour Commissioner and the board when the Labour department's then Joint Secretary Balasaheb Kolse Patil commented on the file on April 6 that "it was necessary to scrutinise all claims the firm made before handing over the appointment letter."

Own norms flouted

Violating the government norm that all works above Rs 3 lakh must be compulsorily tendered out, the board later opted to invite sealed quotations from just four government sector insurance companies, which the Labour department ruled as a major irregularity. It was on the basis of the quotations that the board accepted the proposal from the New India Assurance Company Limited, on January 18, 2016, for covering 2.5 lakh workers for a collective premium of Rs 50.09 crore. The insurer's appointment proposal, which was forwarded to the government, was halted, when Balasaheb Kolse Patil commented on the file that "e-tendering the work would be necessary and mandatory".

Kerure's report, too, had questioned this violation. Yadav deflected the blame on the government officials who were on the board's management panel at that time. "Jawale was present for the meeting when the decision was taken. We were advised that inviting quotations for government sector firms was a common practice, which even the board had adopted in the past," he said.

Kerure's report also objected to the presence of a "hidden cost component" in the insurer's quotation. It also found that the firm had introduced a "cap" for certain major illness. Claiming there are a lot of cloud regarding the insurer's appointment, Kerure asked the government to reject the board's proposal.

Divided over face-saver

The Commissionerate and the Labour Department were divided over extending a universal health scheme to construction workers, documents reveal. While Kerure pushed it as a viable alternative, the department had advised the government against it, claiming application of a universal scheme would not qualify as a dedicated welfare measure for construction workers. The government appeared to be caught in a bind over the issue, when Labour department bureaucrats also cautioned that "if a fresh tender were to be invited to appoint the broker firm, the possibility of the appointed firm challenging it legally could not be ruled out". But while the department had recommended re-negotiations with the broker firm and fresh tenders for the insurer's appointment, the chief minister backed Kerure's viewpoint. On June 23, the chief minister convened a meeting with board members, where he ordered discontinuation of the board's scheme and directed officials to extend cover to construction workers under the MJPJAY.

Orders in this regard were finally issued on September 23, while the scheme was opened to workers from October 2 onwards. Yadav told The Indian Express that he would seek a report to fix accountability on those responsible for the irregularities.

Source

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One crore passengers opted for rail insurance in first month – Mint – 30th September 2016

Around one crore train passengers have opted for the rail insurance scheme, which was announced on September 1, within the first 30 days of its launch, IRCTC said on Friday.

"The optional insurance scheme has elicited an extremely favourable response from the rail passengers. In less than a month, the passenger-friendly measure has been opted for by around one crore passengers till Thursday (September 29)," IRCTC chairman and managing director AK Manocha said on Friday.

The pioneering facility, which was announced in the Railway Budget 2016-17, allows a passenger to get an insurance cover of up to Rs10 lakh on booking a train ticket online by paying just 92 paise. The scheme offers travellers or their families compensation of up to Rs10 lakh in the event of death or permanent total disability, Rs7.5 lakh for permanent partial disability, up to Rs2 lakh for hospitalisation expenses and Rs10,000 for transportation of mortal remains in the event of death or injury from a place of a train accident or an untoward incident, including terrorist attack, dacoity, rioting, shootout or arson, as well as for short termination, diverted route and Vikalp trains.

The facility is available for all railways passengers who book e-ticket, excluding sub-urban trains, through the IRCTC's website, irrespective of the class of the ticket.

The insurance cover is uniform for all classes, and the option is available through a checkbox at the time of e-ticket booking. The premium amount is automatically added to the ticket fare if the passenger opts for insurance. After the ticket booking and payment of premium, a message shall be displayed to complete the nomination details, which are necessary to settle the claims on timely basis.

Users wanting coverage for children below five years of age have to furnish details of the child at the time of booking and accordingly travel insurance premium is added to the total amount payable. The coverage is valid from the actual departure of train from the originating station to actual arrival of train at the destination station, including the boarding and alighting process. Post-accidental medical treatment and transportation of mortal remains are also provisioned for all insured under the scheme.

The scheme is being implemented by Indian Railway Catering and Tourism Corporation (IRCTC) in partnership with ICICI Lombard General Insurance, Royal Sundaram and Shriram General.

Source

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Caught in Indo-Pak Crossfire, Insurers Consider Raising Hull, Marine Premium - The Economic Times (Delhi) – 30th September 2016

Insurance companies are considering an increase in marine and hull insurance premium in the wake of the tensions between India and Pakistan, and especially after India's surgical strikes along the Line of Control on Thursday .

"Insurance premium is likely to rise for marine, hull and cargo, but how much will be decided by the London market," said Alice Vaidyan, chairperson of GIC Re.

The rate of both marine and hull are reinsurance market-driven, while war risk is generally associated with cross-border operations, foreign travel and personal accidents.

"We expect war risk premium to rise by up to 10%," said Yogesh Lohiya, managing director of Iffco Tokio General Insurance, adding that they are expecting a surge in enquiries from cargo companies.

Indian companies in the offshore market are increasingly looking to insure themselves against political risks, terrorism and war.

High-risk areas, or companies which face UN, EU and US sanctions, are not covered by any insur ance company. The government protects any property within its border. “While the London market is aware of it, it has not yet hardened the rates,“ said Sanjay R a d h a k r i s h n a n , C E O, J LT Independent, speciality insurance broker. “If there is significant escalation, things could change and reinsurance rates could go up.“

Some companies take cargo poli cy on an annual basis while others take as and when required. Many Indian multinational companies are now taking this cover, with heightened terrorism and related risks in other parts of the globe.Now, more companies in manufacturing, engineering, procurement and construction companies are buying this cover for their operations in Sri Lanka, Maldives, Bangladesh, Latin America and African countries.

Premium on political risk covers has gone up by 100-600% recently due to increased instances of political instability and threats.There are 55 underwriters, including Zurich Re, Swiss Re and few in Lloyd's of London. “If there are incidences and ships and cargo get attacked, we will bear the claim,“ said G Srinivasan, chairman New India Assurance.

Source

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IRDAI Circular

Source

Terms and Conditions of Life Products for F.Y. 2016-17 are available on IRDAI website.

Source

Extension of timelines for the submission of comments on the Exposure Draft on Insurance Regulatory and Development Authority of India (Insurance Surveyors and Loss Assessors) (First Amendment) Regulation, 2016

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Global News

Asia-Pac - Reinsurance rules in some countries aim at localization – Asia Insurance Review

Reinsurance regulatory and market structures are taking divergent approaches in Asia-Pacific countries, as economic and political developments, along with market maturation across the region, vary widely, according to A.M. Best. The Best’s Briefing, “Asia-Pacific Reinsurance Movement,” notes that global reinsurers see the Asia-Pacific region as a means to diversify and grow, particularly in big emerging markets like China and India.

Retention ratios of countries in Asia-Pacific remain in the range of about 50% to 90%, with insurers in Japan having the highest average ratio in 2014 at 92%, and insurers in the Philippines recording the lowest average ratio, at 49%. The region accounts for nearly 15% of global non-life reinsurance gross written premium, according to A.M. Best. At the same time, regulators in these countries are mulling their reinsurance strategies amid the growing and evolving markets.

The briefing notes that national reinsurers dominate many Asian markets, and these reinsurers rely heavily on international markets for retroceding risks. In recent years, most of the emerging markets appeared to be moving toward deregulation in reinsurance, but recent regulatory changes in some countries has moved the emphasis back to localisation. While there will be a trade-offs between grooming local players with favourable policies and promoting open markets, A.M. Best notes that the role of reinsurance remains universal, as it supports overall financial strength and helps reduce volatility against big losses for primary insurers.

Source

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China: Govt policies to drive marine insurance growth – Asia Insurance Review

A sharp pick-up in marine insurance in China is unlikely from traditional sources, as subdued trade activities are expected to continue, says A.M. Best in a special report entitled "China Marine Insurance Withstands Challenging Operating Environment". Instead, government policies such as One Belt One Road and the establishment of the Shanghai Marine Insurance Association are expected to bring new premium sources and improve the quality of the China marine insurance industry up to well-recognised international market levels over time.

One Belt One Road
The One Belt One Road thrust, which promotes China's economic cooperation with around 60 countries from Asia to East Africa, focusses on building infrastructure and broadening trade. Most of the economic partners’ insurance penetration rate is currently less than 1%.

In order to better serve Chinese interests abroad, and in One Belt One Road countries, Chinese insurance companies should provide comprehensive insurance solutions and come up with some innovative marine insurance products customised for these types of clients, says the report. Insurers should also expand their knowledge of these countries to ensure prudent underwriting and adequate rates.

Shanghai as a marine insurance hub

At the same time, the Chinese government is supporting the development of Shanghai as the marine insurance hub in China, by providing tax benefit incentives on marine cargo, air cargo, marine hull, and marine liabilities. This encourages large marine insurers to centralise their marine business in the city over the long run, but the tax savings for smaller insurers might be insufficient to cover the start-up costs for a centralised underwriting team in Shanghai, says the report. The CIRC has delegated authority to the Shanghai Marine Insurance Association, which was established in 2013, to approve new marine insurance products developed by its members in the Shanghai Free Trade Zone. The market believes the association will help to standardise Chinese marine insurance products and wording to globally recognised levels.

Risk Management – Increasing risk accumulation

Risk management, though, continues to be a challenge in the marine industry as assessing accurate risk accumulation is still a high-level guessing game. Seven out of the top 10 busiest container ports in the world are located in China.

Some (re) insurers, broking firms, and professional vendor models have developed or are developing cargo accumulation models at ports or warehouses. However, accurate data is often not available. To have accurate and reliable model output, the insurance industry should go back to basics and first focus on improving the model input data, by mapping risk in core aggregation points to better measure the exposure accumulations, says the report. In 2014, cargo gross premium was CNY9.54 billion (US$1.44 billion), while hull gross premium was CNY5.48 billion. These figures made China the largest cargo insurance market and the second largest hull insurance market in the world in 2014.

Source

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Pakistan: Finance Minister urges amending insurance law – Asia Insurance Review

Finance Minister Ishaq Dar has advised the Security and Exchange Commission of Pakistan (SECP), which oversees the insurance industry, to replace the current insurance ordinance with a new version. Chairing a meeting held to review the amendments required in the insurance regulatory framework, he said it would improve the image of the insurance industry of Pakistan internationally. He advised SECP to start a nationwide stakeholder consultation in this regard, reported the Daily Times.

At the meeting, SECP Chairman Zafar Hajjazi gave an overview of the insurance industry in Pakistan and gave a brief on the amendments required. He said the proposed framework aims to provide a conducive regulatory environment to encourage market development, strengthen the regulatory system to ensure alignment with the Insurance Core Principles of the International Association of Insurance Supervisors (IAIS) and help ensure that the interests of policyholders are better protected. He informed the minister that SECP intends to hold stakeholder consultations this month on revamping the insurance ordinance which was last passed in 2000.

Source