भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

INSUNEWS

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QUOTE OF THE WEEK

"Attitude is a little thing that makes a big difference."

Winston Churchill

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Risk Retention

Risk retention is an individual or organization's decision to take responsibility for a particular risk it faces, as opposed to transferring the risk over to an insurance company by purchasing insurance. That means the individual or organization has chosen to pay for any losses out of pocket rather than purchasing insurance as a means of transferring the financial burden of a loss to a 3rd party.

Companies often retain risks when they believe that the cost of doing so is less than the cost of fully or partially insuring against it. Shoplifting losses are one example of risks that many companies choose to retain instead of purchasing or claiming on their crime insurance policy.

Another reason companies may choose to retain a risk is when it is not insurable or falls below their policy deductible. In this case, it is referred to as "forced retention".

Insurance companies also have to make a decision about which risks to retain. Risks they choose not to retain are transferred out via a reinsurance policy.

INSURANCE INDUSTRY

Insurers See 22,000 Covid Death Claims in FY21; Sector Financials Unaffected – Live Mint – 1st July 2021

Indian insurers received 22,205 death claims worth ₹1,644 crore during 2020-21 where the demise was due to COVID-19, the Reserve Bank of India (RBI) said in its bi-annual Financial Stability Report (FSR) on Thursday. The industry settled 21,854 death claims of these amounting to ₹1,492.02 crore, it said adding that there was no significant impact on the financials of life insurers.

The claims paid ratio (provisional) stood at 98.1 per cent for individual claims and 98.6 per cent in the group category, in comparison with 96.8 per cent and 97.3 per cent, respectively, for the previous financial year, it said. "...the pandemic did not have a significant impact on death claim settlement rates," it said.

Insurance premiums collected under various COVID-19-specific policies stood at ₹1,307 crore for an insured sum of ₹13.6 lakh crore up to May 15, 2021, the report said. New business premiums pertaining to life insurance picked up sharply in March, after plunging in the third quarter of 2020-21, it said.

On the government proposal of having a bad bank to store lenders' dud assets, the RBI's report said the new entity's success will depend on design aspects like fair pricing, complete segregation of risk from selling banks, investment of external capital, independent and professional management of the new entity, minimising moral hazard and adequate capitalisation. Meanwhile, the FSR said the RBI has selected "MSME (micro, small and medium enterprises) lending" as the theme for the third cohort at its regulatory sandbox after devoting the first two cohorts to retail payments and cross border payments.

TOP

e-Gov Trends: India gears up for next-gen insurance solutions leveraging Insurtech - The Economic Times – 29th June 2021

In a significant development, automation of faster claims processing, adoption of artificial intelligence, internet of things, cloud computing, blockchain and digital platform solutions, including DigiLocker has helped India's insurance sector to grow faster, reshaping the future of insurance. Insurance technology is poised to mature even more in 2021.

The insurance sector, powered by digitization, registered a growth of 17 per cent in April-May this year compared to nine per cent in the 2020-21 FY. The Finance Ministry and its regulatory body Insurance Regulatory and Development Authority of India (IRDAI) are confident about the growth prospects of the industry further by 40-50 per cent in the next five years if all goes well.

“The insurance industry with combined life and non-life can easily grow at 40-50 per cent in the next five years if things are settled down and otherwise it should grow at 25-30 per cent,” said TL Alamelu, member (Non-Life), IRDAI.

After the ferocious second wave of COVID-19 pandemic that swept India in April-May, insurance companies have settled about 80 per cent i.e., over 15.39 lakh health claims exceeding an amount of Rs 15,000 crore as of June 22 this year. Over 19.11 lakh covid health claims have been reported as of June 22 as far as medical insurance or hospitalisation is concerned. While in terms of death claims, which is handled by the life insurers, about 55,276 claims have been intimated and nearly 88 per cent i.e., as many as 48,484 claims amounting to Rs 3,593 crore have already been settled, according to the regular body.

The market size

India’s insurance sector consists of 57 insurance companies. Out of which, 24 companies are the life insurance providers and the remaining 33 are non-life insurers. Of the total, seven are public sector companies, LIC of India, GIC of India, New India Assurance, United India Insurance, Oriental Insurance, National Insurance and Agriculture Insurance Company of India.

The overall market size of the insurance sector in the country is expected to be Rs 21,00,000 crore (US$280 billion) in 2020-2021. Though the industry is expected to increase at a CAGR of 5.3% between 2019 and 2023, the current COVID-19 pandemic has accelerated the market, growing nine per cent last fiscal. In March 2021, health insurance companies in the non-life insurance sector increased by 41%, driven by rising demand for health insurance products amid the COVID-19 surge.

Digital transformation

Alamelu gave credit for the growth of the insurance sector to digital transformation and employees of insurance companies. Complementing the insurance industry for ramping up its digital platform to cater to the increased online demand, she said, “Going forward, most of it will shift from offline to online, employees of the insurance companies have worked as much and more from their homes to ensure uninterrupted services to the policyholders.”

According to Finance ministry joint secretary Saurabh Mishra, digitization is one key factor that has contributed to the resilience of non-life as well as to a great extent in life businesses in every sphere of activity from distribution and sales to post-sales thereby providing to be a game-changer that helped largely avoided a standstill in the new business due to mobility restrictions implemented to contain the pandemic. “In the new normal of technology, it is not just an important element for us to drive it out but is going to play a pivotal role in transforming the insurance businesses to make them more digital and customer-centric cutting across every sphere of customer experience - claims efficiency, fraud proofing etc.,” said Mishra.

Insurance technology trends

Insurance organizations have strengthened their digital platforms, replacing legacy systems and introducing virtual assistants. LIC introduced LIC Mitra- a virtual assistant. New India Assurance launched BIMA Bot. United India Insurance came out with UNI Help. National Insurance brought out NYRA.

Chatbots are digitally generated answers to FAQs, making it easier for policyholders to get information faster than before. The internet has to a large extent reduced or bridged the gap when it comes to turn-around time for several transactions. And, AI chatbots are a good example of cutting down the time frame. Insurers are taking advantage of chatbots to increase their resources with the help of digital technology. It also offers the scope to get customers to navigate various insurance products and services.
The insurance technology trends in 2021 will include predictive analytics and overlapping of various technologies, all in the name of improving accuracy. ML is one and a branch of AI. It can not only improve claims processing – it can automate it. When files are digital and accessible via the cloud, they can be analysed using pre-programmed algorithms, improving processing speed and accuracy. This automated review can impact more than just claims. It can also be used for policy administration and risk assessment.

Telematics is another. Auto policies will continue to be impacted by telematics capabilities. In insurance technology, think of telematics as wearable technology for the automotive segment. Cars can now be equipped with monitoring devices that measure various indicators such as data on speed, location, accidents, and more, which is all monitored and processed with analytics software to help determine your policy premium.

Drones will join farmers' insurance soon. Insurers are taking to the sky, or at least their drones are. Unmanned drones are an insurance technology tool that will be utilized more by carriers in 2021. They can be used across many stages of the insurance lifecycle – collecting data to calculate risk before issuing a policy, aiding in preventative maintenance, and assessing damage following a loss. These drones perform roof inspections and other assessments, and the drones transmit their data to the cloud for analysis. This is yet another instance of IoT and other technologies working together in the insurance industry. The scope of IoT in the insurance market continues to go beyond telematics and customer risk assessment. Currently, there are more than 100 Insurtech start-ups operating in India.

Government initiatives

In the 2021-22 budget, the Central government increased the FDI limit in the insurance sector from 49 per cent to 74 per cent. The government also announced to infuse Rs 3,000 crore (US$413.13 million) into state-owned general insurance companies to improve the overall financial health of companies. In addition, a fund of Rs 16,000 crore (US$2.20 billion) has also been allocated to crop insurance schemes.

The government has also come up with efforts to provide insurance for individuals below the poverty line (BPL) through various campaigns like Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), and Rashtriya Swasthya Bima Yojana (RSBY).

The IRDAI has announced the issuance, through Digilocker, of digital insurance policies by insurance firms. The Central government announced to infuse Rs 3,000 crore (US$413.13 million) into state-owned general insurance companies to improve the overall financial health of companies.
The public and private sectors have been actively working towards crop insurance. For instance, in October 2020, Andhra Pradesh rolled out a free of cost crop insurance scheme for the state farmers while Reliance General Insurance and SatSure partnered to launch the satellite-based crop monitoring and predictive analytics support for better risk management and to improve the efficiency of its crop insurance business operations.

The road ahead

The future looks promising for the life insurance industry with several changes in the regulatory framework which will lead to further change in the way the industry conducts its business and engages with its customers. Alamelu added, "The industry has tremendous responsibility especially for a nation like India to offer protection and just not assume that people will not take insurance. There has to be aggressive probably, more sort of forcefully selling insurance because it is no longer an option."

She noted that both the insurance industry and the regulator have worked together to design new policies to cater to the demands of new and unprecedented situations. "We have also eased some processes and procedures to make it easier for servicing the policyholders." LIC managing director Vipin Anand said that one of the critical needs for expansion of the insurance industry is that it is essentially a capital-intensive industry and for solvency-margin requirements, it is necessary that capital should come in.

TOP

10 essential things every woman should check before buying an insurance policy - Financial Express - 28th June 2021

The pandemic has exposed many to the harsh outcomes of financial negligence and forced them to revisit their saving and investment options. Women today, more than ever, are rising to the occasion and are determined to take financial matters into their own hands. With the plethora of information available, it might sometimes seem like a herculean task to choose the right policy to secure your financial freedom. To make it easy, we have listed down 10 essential things every woman should check before buying an insurance policy.

1. Dependants: Every woman might not be the breadwinner of her family but that doesn't mean she doesn't have dependencies. Having a family and managing one is a huge responsibility itself. Hence, a woman must ascertain the dependents she has at the point she's planning to purchase her insurance like parents, in-laws, spouse and children, loved ones, etc.

2. Age and medical history: The younger you purchase insurance the better benefits you reap and more benefits are provided to you. But just because you're late, you shouldn't hold yourself back from getting the right insurance coverage. Age plays a major role in determining the premium amount while your medical history shapes up your insurance policy.

3. Lifestyle: A person's lifestyle speaks a lot about their body and mind and hence, is an important aspect while considering insurance. A woman focused on academics will have a different lifestyle than a woman who is a sports enthusiast. This also involves the city one resides in, as the cost of treatment varies accordingly.

4. Nature of job and pay: This point highlights three important aspects- what is the impact of the job on one's mind and body, how much revenue is one able to generate from it, and if the current employment is providing insurance benefits.

5. Tax Benefits: In addition to health security, payment of medical premiums also provides tax exemption benefits under section 80D of the Indian Income Tax Act 1961.

6. Type of Policy: There are various types of insurance policies available and it is important to understand which type is ideal for you to ensure you get the maximum benefits without incurring a discretionary cost. When we talk about life insurance, the options usually considered are whole life or term plan while there are various options like MoneyBack policies, Endowment policies, etc. Hence, it is important to first explore all options and then make an informed decision.

7. Claim Settlement Process & Ratio of the insurer: It is important to understand how to redeem the benefits of insurance in case of an emergency. The claim settlement process varies for different insurance providers and it's important to identify which is the most convenient to you. The Claim Settlement Ratio

is the ratio that indicates how many claim the insurer has successfully settled. An insurer with 95%+ CSR is a healthy insurance provider.

8. Medical assistance: This includes hospitalization charges, ambulance charges, room rent capping, pre, and post-hospitalization cover, cashless facilities, etc. It is important to identify the same as the policy should not cause hindrance at the time of treatment. It includes different types of riders and benefits too.

9. Premium amount and Co-payment: Premium amount is the installment one pays to available insurance benefits. Co-payment is the percentage of the claim amount that is borne by an insured person, while the rest of the amount is paid by the insurer. It is necessary to be aware of these amounts as this is what one shall be liable to pay.

10. Waiting period: A waiting period is the amount of time an insured must wait before some or all of their coverage comes into effect. The insured may not receive benefits for claims filed during the waiting period. It helps to control unethical practices by the policyholders. Hence, while purchasing a plan it is important to be aware of the duration till which the plan won't actually work for you.

This is not an exhaustive list and has various other factors to determine before making a sound decision. It helps one understand how much coverage one should ideally have. The aim is to ensure that an individual is neither underinsured nor over insured and the policy they've selected, caters to their financial goal.

(The writer is Priti Rathi Gupta.)

TOP

Your Money: Mutual funds, insurance set to see rapid growth - Financial Express - 28th June 2021

When we invest, there is a tendency to wonder which sectors of the economy are important, and which stocks in a sector are attractive. Investments in equity have picked up tremendously post liberalisation in 1991. The setting up of NSE, and its consequent fallout on the BSE, and the introduction of scripless trading, has revolutionised equity investments in India, even in tier-2 and tier-3 towns and cities.

Prior to that, the focus of every investor was on gold and land. The former is debatable as an asset in our culture. Of course, gold ETFs nowadays offer an attractive alternative to those who want to speculate on the yellow metal. Real estate will appreciate in the long run in India, because land availability is limited, and the population is steadily increasing.

Growth of mutual funds, insurance

Certain sectors have to do well in the medium to long-term. For instance, food products and pharmaceuticals are safe bets. However bad the state of the economy, people have to eat, and some will always be falling ill. In India, insurance and mutual funds are two financial products that are seeing rapid growth that is likely to be sustainable. India is an under-insured country. Healthcare costs are spiraling, and people have understood the need for health insurance. Hence, insurance company stocks are likely to do well over time. Given the growing mutual fund investments, stocks of listed asset management companies are likely to do well. At the moment there are not too many choices in India in this regard, but that is likely to change.

It is advisable not to invest too much in multiple companies under the same umbrella. Just the way an investor would have a mental limit for investment in a stock, it is prudent to have a limit for the parent conglomerate as well. Also, while we should not put all eggs in one basket, the basket ought to be diversified across industries as well. For instance, 75% of your investment in IT stocks is not a good idea.

Global diversification
There are avenues for investing in foreign stocks these days, particularly US stocks. While the US market is a steady performer, an advantage for Indian investors is the rupee is likely to depreciate steadily. Thus, while overseas investments inject an additional dimension of risk, in the form of foreign exchange risk, it is likely to work in favour of Indians, particularly with respect to investments denominated in USD and Euros. Investments up to $250,000 per year are allowed. If you invest in US stocks, make reasonably large investments at a time since banks charge a significant commission for converting Indian currency to foreign currency.

(The writer is Sunil K Parameswaran.)

TOP

INSURANCE REGULATION

How digitisation propelled India's insurance sector during pandemic - The Economic Times - 1st July 2021

Powered by digitization, the insurance sector grew 17 per cent in April-May this year compared to a nine per cent growth in 2020-21. The Finance Ministry and the regulator Insurance Regulatory and Development Authority of India (IRDAI) are confident of 40-50 per cent growth in the next five years. "The insurance industry with combined life and non-life can easily grow 40-50 per cent in the next five years if things are settled down and otherwise it should grow at 25-30 per cent," said T L Alamelu, Member (Non-Life), IRDAI.

After the ferocious second Covid wave in April-May, insurance companies have settled about 80%, or over 15.39 lakh, health claims, exceeding an amount of Rs 15,000 crore as of June 22 this year. Over 19.11 lakh Covid health claims have been reported as of June 22. In terms of death claims, which are handled by life insurers, about 55,276 claims have been intimated and nearly 88 per cent, or 48,484, amounting to Rs 3,593 crore have been settled.

The market size
India's insurance sector consists of 57 insurance companies. Of which, 24 companies are life insurance providers and the remaining 33 non-life insurers. Of the total, seven are public sector companies, LIC of India, GIC of India, New India Assurance, United India Insurance, Oriental Insurance, National Insurance and Agriculture Insurance Company of India.

The overall insurance market size in the country is expected to be Rs 21 lakh crore in 2020-2021. Though the industry is expected to increase at a CAGR of 5.3% between 2019 and 2023, the current Covid pandemic has accelerated the market, which grew nine per cent last fiscal. In March 2021, health insurance companies in the non-life insurance sector grew 41 per cent, driven by rising demand for health insurance products amid the Covid surge.

Digital transformation
Alamelu gave credit for the growth to digital transformation and employees of insurance companies. Complimenting the insurance industry for ramping up its digital platform to cater to the increased online demand, she said, "Going forward, most of it will shift from offline to online. Employees of the insurance companies have worked as much and more from their homes to ensure uninterrupted services to the policyholders."

According to Finance ministry Joint secretary Saurabh Mishra, digitization is one key factor that has contributed to the resilience of non-life as well as to a great extent in life businesses in every sphere of activity from distribution and sales to post-sales, proving to be a game-changer that helped avoid a standstill in the new business due to mobility restrictions during the pandemic.

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Drones will join farmers’ insurance soon. Insurers are taking to the sky, or at least their drones are. Unmanned drones are an insurance technology tool that will be utilised more by carriers in 2021. They can be used across many stages of the insurance lifecycle – collecting data to calculate risk before issuing a policy, aiding in preventative maintenance, and assessing damage following a loss. These drones perform roof inspections and other assessments, and the drones transmit their data to the cloud for analysis. This is yet another instance of IoT and other technologies working together in the insurance industry. The scope of IoT in the insurance market continues to go beyond telematics and customer risk assessment. Currently, more than 100 Insurtech start-ups are operating in India.

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The government has also come up with efforts to provide insurance for individuals below the poverty line (BPL) through various campaigns like Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), and Rashtriya Swasthya Bima Yojana (RSBY). The IRDAI has announced the issuance, through DigiLocker, of digital insurance policies by insurance firms. The central government announced an infusion of Rs 3,000 crore into state-owned general insurance companies to improve the overall financial health of companies.

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She noted that both the insurance industry and the regulator have worked together to design new policies to cater to the demands of new and unprecedented situations. "We have also eased some processes and procedures to make it easier for servicing the policyholders." LIC managing director Vipin Anand said that one of the critical needs for expansion of the insurance industry is that it is essentially a capital-intensive industry and for solvency-margin requirements, it is necessary that capital should come in.

(The writer is T Radhakrishna.)

[TOP]

LIFE INSURANCE

Life insurance industry in India to grow in 2024 – ITIJ - 1st July 2021

Global Data has revised India's insurance forecast in the aftermath of the Covid-19 outbreak. An analysis of Global Data's Global Insurance Database reveals that Indian life insurance industry is expected to grow at a compound annual growth rate (CAGR) of seven per cent over 2019-2024, driven by favourable demographic factors, and economic recovery expected over the second half of 2021. Manisha Varma, Insurance Analyst at GlobalData, commented: "A high number of Covid-19 related deaths in the last year has increased awareness for life insurance in India. Easing of lockdown restrictions and increased adoption of digital distribution will further support the growth.

"Digital distribution got a much-needed push as insurers are focusing on ensuring uninterrupted sales support and customer service. Insurers are also offering new products with Covid-19 specific benefits to push sales. In January 2021, new business premiums grew by year-on-year 3.7 per cent to INR213.9 billion."

Positive regulatory developments

Positive regulatory developments seen in the last six months are expected to support life insurance growth. For instance, increasing FDI limit in insurance from 49 per cent to 74 per cent will encourage foreign insurers to enter the market and bring additional capital. Additionally, in April 2021, the regulator permitted insurers to invest up to 10 per cent of the outstanding debt instruments in a single Infrastructure Investment Trusts and Real Estate Investment Trusts issue. The additional investment options will strengthen the financial position of insurers and encourage them to expand their product offerings.

Varma concluded: "With a pick-up in vaccinations, the Indian economy is expected to recover over the second half of the year. Increasing consumer awareness along with favourable demographics and regulatory environment will support the demand for life insurance policies." A survey by reinsurer Swiss Re highlighted an increasing trend among Indian consumers to buy insurance digitally, especially through payment apps.

TOP

Do rolling returns indicate accurate fund performance in ULIPs, know how - The Economic Times – 1st July 2021

If your investment advisor is showing you only trailing returns, he might be hiding a few facts. Experts believe rolling returns give a more accurate picture of fund performance.

Trailing returns are point-to-point returns and show how a fund has performed over a given period. On the other hand, rolling returns help investors gauge performance across blocks of time, thereby capturing fund performance over multiple periods more accurately.

Rolling returns measure not just one block of 3 or 5 or 10-year return but consider several such blocks of 3 or 5 or 10-year periods at different intervals. Hence, the fund performance is not influenced by specific points of time.

Impact of trailing returns on investments
Looking only at trailing returns can give a distorted view to investors as the market volatility near the end of the period has an undue influence on the fund performance. Any uptick in the recent performance will make returns across all trailing periods look great. Likewise, any recent fall will portray a weak performance. This ultimately will hamper the actual performance of a fund, making it appear either too high or too low.

How to gauge actual fund performance
Rolling returns normalise market variations as average annualised returns are taken for a specified period across all timescales. These returns also known as "rolling time periods" can be evaluated on a daily/weekly/monthly frequency and till the last day of the chosen period. These are more useful for examining consistency in the performance of the funds by removing the point-to-point bias in performance.

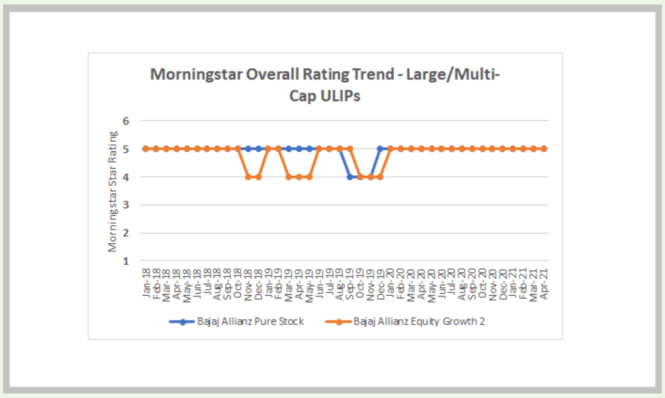
Performance of ULIP Funds
Unit-linked Insurance Plans (ULIPs) are one of the most preferred investment avenues offering exposure to equity or debt or both along with some portion of the investment directed towards life insurance. ULIPs can be great instruments to create wealth in the long run with the right choice of funds.

ULIPs offer policyholders the flexibility of switching portfolio between debt and equity, based on risk appetite, making it crucial for you to know how the fund has performed. Over the past year, many equity ULIP funds have underperformed their benchmark index (esp. Mid-cap category where 95% of funds have underperformed the Nifty Midcap 50 index).

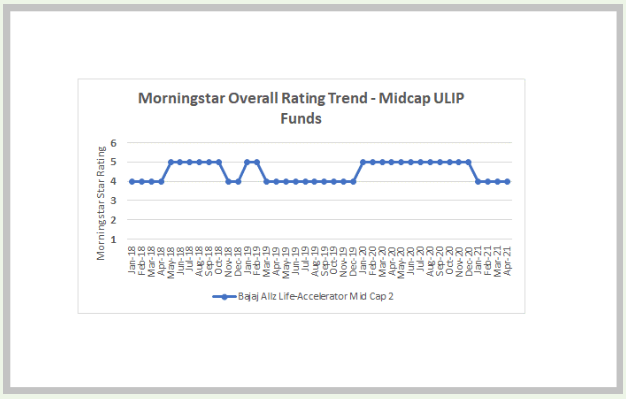
Over a 3-year and 5-year period too, several equity ULIP funds have underperformed their benchmark index. Similar underperformance was seen in equity MFs for 1 year, 3 year and 5 year periods. However, over the longer-term (7 years and 10 years), most equity ULIP funds have outperformed their benchmark index, as per data by Morningstar Direct.

According to data sourced by leading analysis platform - Morningstar Direct, Bajaj Allianz Life Pure Stock Fund and Equity Growth Fund II have displayed strong consistency in performance outperforming the benchmark index & peer category over the long term (5 years, 7 years and 10 years). Bajaj Allianz

Accelerator Midcap fund 2 has managed to outperform benchmark index and peer Morningstar category over the long term (7 years and 10 years). Also, the key equity funds of Bajaj Allianz Life have consistently been rated as 5/4-star funds by independent fund rating agency Morningstar (see charts below), indicating that they have delivered superior risk-adjusted returns over the long term.



Source: Morningstar Direct

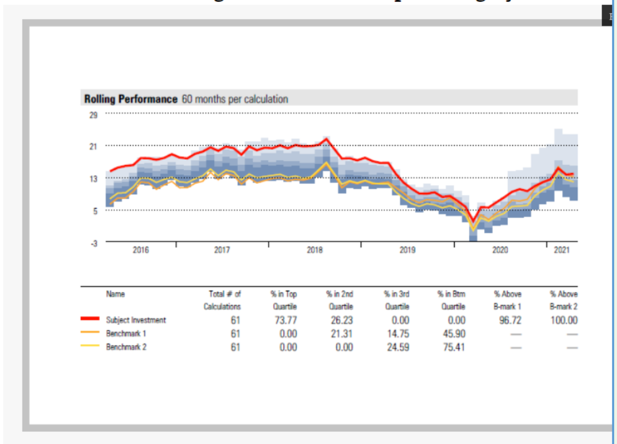


Source: Morningstar Direct

Rolling returns for ULIP Funds

Under the Large/Multi-cap category, Bajaj Allianz Life Pure Stock Fund and Equity Growth Fund II have displayed strong consistency in performance (rolling returns) and outperformed the index & peer category in ~100% of observations. As seen in the chart below, Bajaj Allianz Pure Stock fund has outperformed the benchmark index, and the peer Insurance Multi-Cap category in 97% & 100% rolling period observations respectively. Bajaj Allianz Equity Growth Fund II has outperformed the benchmark index, and the peer Insurance Large-Cap category, in 100% of the rolling period observations.

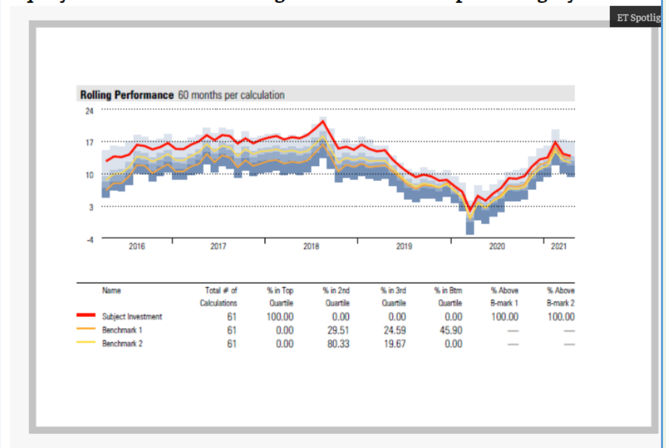
Pure Stock Fund - rolling returns Vs index & peer category



Name	Total # of Calculations	% in Top Quartile	% in 2nd Quartile	% in 3rd Quartile	% in Btm Quartile	% Above B-mark 1	% Above B-mark 2
Subject Investment	61	73.77	26.23	0.00	0.00	96.72	100.00
Benchmark 1	61	0.00	21.31	14.75	45.90	—	—
Benchmark 2	61	0.00	0.00	24.59	75.41	—	—

Source: Morningstar. Rolling Returns: 5-year rolling returns over 10 years – with monthly shift (as of April 2021). Benchmark 1 is Nifty 50 Index, and Benchmark 2 is Morningstar Insurance Multi/Large-cap category average.

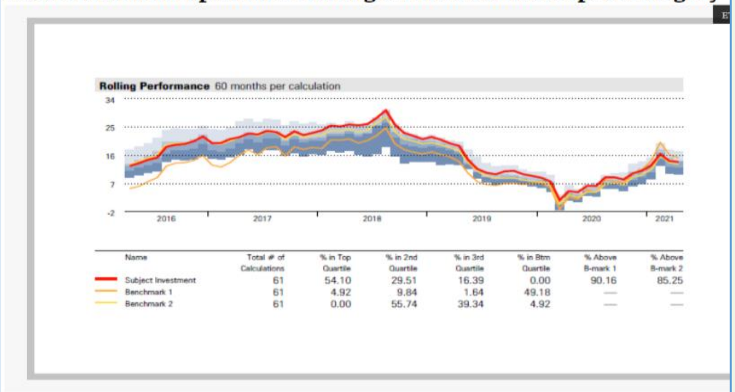
Equity Growth Fund II - rolling returns Vs index & peer category



Name	Total # of Calculations	% in Top Quartile	% in 2nd Quartile	% in 3rd Quartile	% in Btm Quartile	% Above B-mark 1	% Above B-mark 2
Subject Investment	61	100.00	0.00	0.00	0.00	100.00	100.00
Benchmark 1	61	0.00	29.51	24.59	45.90	—	—
Benchmark 2	61	0.00	80.33	19.67	0.00	—	—

Source: Morningstar. Rolling Returns: 5 year rolling returns over a 10 year period – with monthly shifts (as of April 2021). Benchmark 1 is Nifty 50 Index, and Benchmark 2 is Morningstar Insurance Multi/Large-cap category average.

Accelerator Midcap Fund 2 - rolling returns Vs index & peer category



Name	Total # of Calculations	% in Top Quartile	% in 2nd Quartile	% in 3rd Quartile	% in Btm Quartile	% Above B-mark 1	% Above B-mark 2
Subject Investment	61	54.10	29.51	16.39	0.00	90.16	85.25
Benchmark 1	61	4.92	9.84	1.64	49.18	—	—
Benchmark 2	61	0.00	55.74	39.34	4.92	—	—

Source: Morningstar. Rolling Returns: 5 year rolling returns over a 10 year period – with monthly shifts (as of April 2021). Benchmark 1 is Nifty Midcap 50 Index, and Benchmark 2 is Morningstar Insurance Mid-cap category avg.

Under the midcap category, Bajaj Allianz Accelerator Midcap fund 2 has outperformed the benchmark index, and the peer Insurance Mid-Cap category, in 90% and 85% of the rolling period observations respectively.

Further, in terms of the average rolling returns, which is the average return of all rolling period observations for the specified tenure, Bajaj Allianz Life funds have beaten all key large/multi-cap ULIP funds as seen in the table.

Key ULIP Large / Multi-Cap Funds	01-05-2011 30-04-2021 (10 years ago - Last Month End) 3 Year Avg Rolling Return	 5 Year Avg Rolling Return
Bajaj Allz Life-Pure Stock	**15.69**	**15.19**
Bajaj Allz Life-Equity Growth 2	**14.22**	**13.84**
Kotak OM Life-Opportunities	13.03	12.97
Tata AIA Life-Large Cap Equity	13.07	12.40
HDFC S Life-Blue Chip Wealth Builder	12.59	12.33
HDFC S Life-Growth Fund Investment II	12.43	12.10
SBI Life-Equity	12.57	12.07
Max Life-Growth Super	11.91	11.54
Aditya BSL-Indiv Maximiser	11.63	11.34
Reliance Life Equity Fund 3	11.66	11.14
Tata AIA Life-Equity	11.37	10.87
India First Life - Equity 1	10.91	10.55
ICICI Pru Life-Maximiser V	10.98	10.49
Benchmark: Nifty 50 Index	10.82	10.32
Morningstar India Insurance Large-Cap Category Average	11.46	11.17
Morningstar India Insurance Multi-Cap Category Average	12.57	12.77
Source: Morningstar Direct. Rolling returns are CAGR. Data sorted in descending order on the basis of 5 Yr Avg Rolling Return		

Key ULIP Mid-Cap Funds	01-05-2011 30-04-2021 (10 years ago - Last Month End) 3 Year Avg Rolling Return	 5 Year Avg Rolling Return
Tata AIA Life-Whole Life Mid-Cap Equity	19.40	19.30
Aditya BSL-Indiv Multiplier	17.14	17.70
Bajaj Allz Life-Accelerator Mid Cap 2	**16.59**	**17.03**
Reliance Life Midcap Fund 2	15.25	15.82
HDFC S Life-Opportunities Wealth Builder	15.05	15.42
Max Life- High Growth Fund	13.11	13.13
Benchmark: Nifty Midcap 50	12.46	12.98
Morningstar India Insurance Mid-Cap Category Average	12.99	15.90
Source: Morningstar Direct. Rolling returns are CAGR. Data sorted in descending order on the basis of 5 Yr Avg Rolling Return		

Bajaj Allianz Pure Stock fund & Bajaj Allianz Equity Growth Fund II have beaten all key peer large/multi-cap funds in both 3-year & 5-year Average rolling returns (over a 10-year period ended April 2021). They have also beaten the benchmark index peer large/multi-cap categories by a healthy margin in both 3-year & 5-year Average rolling returns.

Under the Mid-cap category, Bajaj Allianz Life Accelerator Midcap Fund 2 is third among key peer Midcap ULIP funds for both 3-year average rolling return and 5-year average rolling return. (over a 10-year period ended April 2021). It also beat the benchmark index peer ULIP mid-cap category by a healthy margin in both 3 year & 5-year Average rolling returns.

Key to success with ULIP Investment

Investing systematically in equities may help compound wealth in the long term. Keeping patience and discipline during market volatility is key to achieve desired goals with Equity Funds in ULIPs. Also, judging fund performance through rolling period returns in ULIP funds can help you select the funds better while staying invested in your life goals.

(The writer is Pallavi Arun Verma.)

TOP

Know the Key Changes in Life Insurance Corporation Act, 1956 come to effect from July 1st – Tax scan – 30th June 2021

The Ministry of Finance notified that amendments in the Life Insurance Corporation Act, 1956 will be enforced from June 30, 2021. "In exercise of the powers conferred by section 128 of the Finance Act, 2021 (13 of 2021), the Central Government hereby appoints the 30th day of June, 2021 as the date on which the provisions of Part III of the said Act shall come into force," the notification read. Part III of the Finance Act, 2021 is in respect of amendments in the Life Insurance Corporation Act, 1956, the changes are listed below.

Composition of Board of Directors

The general superintendence and direction of the affairs and business of the Corporation shall vest in its Board of Directors, which may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation and are not by this Act expressly directed or required to be done by the Corporation in general meeting.

The Board shall consist of a Chairperson of the Board, to be appointed by the Central Government; a Chief Executive Officer and Managing Director; Managing Directors; an officer of the Central Government not below the rank of a Joint Secretary to the Government of India, to be nominated by the Central Government; and an individual to be nominated by the Central Government, who has special knowledge or practical experience in actuarial science, business management, economics, finance, human resources, information technology, insurance, law, risk management, or any other field the special knowledge or practical experience of which would be useful to the Corporation in the opinion of the Central Government or who represent the interests of policyholders.

Disqualification to be director
The new Section 4A was inserted which prescribed various circumstances for the director to be disqualified namely if the individual is unsound mind, undischarged insolvent, applied to be adjudicated as an insolvent, convicted by a court of any offence, National Company Law Tribunal's order disqualifying him to be a director, not paid any calls in respect of any shares of the Corporation held by him, he attracts any disqualification for being a director of a company under the provisions of sub-section (2) of section 164 of the Companies Act, subject to such exceptions thereto as the Central Government may, by notification, insurance agent or an intermediary or an insurance intermediary etc.

Disclosure of interest by director and senior management
The new Section 4B was inserted which says, every director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year, or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his concern or interest in any body corporate, which shall include shareholding, in such manner as may be prescribed.

Related party transactions
The new Section 4C was inserted which says, Except with the consent of the Board and subject to such conditions as may be prescribed, the Corporation shall not enter into any contract or arrangement with a related party with respect to sale, purchase or supply of any goods or materials; selling or otherwise disposing of, or buying, property of any kind; leasing of property of any kind; availing or rendering of any services; appointment of any agent for purchase or sale of goods, materials, services or property; such related party's appointment to any office or place of profit in the Corporation, its subsidiary or associate company; and underwriting the subscription of any securities, or derivatives thereof, of the Corporation.

Adjudication of penalties
The new Section 4D was inserted which says, the Central Government may, by an order published in the Official Gazette, appoint an officer of the Central Government, not below the rank of Joint Secretary to the Government of India or equivalent, as adjudicating officer for adjudging penalties under the provisions of this Act.

Investment Committee
The new Section 4D was inserted which says, The Board may, for such functions relating to investment of the funds of the Corporation as the Board may entrust, constitute an Investment Committee of the Board, consisting of the Chief Executive and not more than seven other directors, of which a minimum two shall be directors other than directors appointed under clause (a) or clause (b) of sub-section (2) of section 4. Provided that the officers of the Corporation heading the functions dealing with finance, risk, investment and law as well as its Appointed Actuary shall be invited to every meeting of the Committee and shall have a right to be heard at the meeting.

Appointment of Auditors
The amendment says The Corporation shall, at its first annual general meeting, appoint as many auditors (which may be individual or firm) as it deems fit, and such auditor shall hold office from the conclusion of that meeting till the conclusion of its sixth annual general meeting thereafter, and shall similarly appoint auditor for subsequent periods of five years at a time, and the manner and procedure of selection of auditors by the members at such a meeting shall be such as may be prescribed.

(The writer is Mariya Paliwala.)

TOP

Urgent need to fast-track insurance penetration' - The Hindu Business Line – 29th June 2021

The fear of the pandemic may have accelerated purchase of health insurance and life cover among the public, but India still has miles to go in increasing overall insurance penetration and building awareness of its benefits, according to the CEOs of private life insurers and intermediaries. On the occasion of the National Insurance Awareness Day (June 28), most of them felt that there is a need to fast-track insurance penetration, given that only 3 per cent of the population are covered under life insurance. One may have to take a leaf out of India's vaccination drive and get insurance penetration levels up on a mission mode, they added.

Naveen Tahilyani, Chief Executive Officer and Managing Director, Tata AIA Life Insurance, said: "The Covid-19 pandemic has underlined the need for life insurance more emphatically than ever before. With a premium to GDP ratio of less than 3 per cent, clearly there is an urgent need to fast-track insurance penetration in the country. "This National Insurance Day, let us, as an industry, pledge to bring more of the country's population under life insurance protection cover and secure the future of their families and loved ones."

'Land of savers'

Prashant Tripathy, MD& CEO, Max Life Insurance, told *Business Line* that despite a gradual increase in insurance penetration in the country over the last couple of years, India predominantly remains the land of savers over land of protectors. "Consumers need to be educated on the role life insurance plays in the long-term financial protection and aspects like the right sum assured that can affect the accomplishment of life goals of their loved ones in their absence. By offering a range of innovative and flexible products combined with the digital first approach in all our processes, our focus is steadfastly aligned with customer expectations. We believe the digital approach will help enhance penetration, deliver on superior customer experience and harness the trust of the customer," he said.

'Grave economic crisis'

Mahesh Balasubramanian, MD & CEO, Kotak Mahindra Life Insurance, said that the pandemic has infected more than three crore lives and witnessed the death of close to four lakh people, thus plunging the nation into a state of health and economic crisis.

"It has also caused huge financial stress to victims and survivors. This calamity has shown the need for financial protection more than ever before. We, as a nation, must commit ourselves to protect our people by increasing both penetration and density of term and health insurance," he said. Sarbvir Singh, CEO, Policybazaar.com, said: "During unprecedented times like these, it is important to understand our customer's outlook towards insurance products and serve them with the right solutions specific to their needs. "A well-insured nation is always better equipped to deal with economic uncertainties. The pandemic has definitely accelerated awareness around insurance and the quest to buy the right insurance plans."

Parag Raja, MD & CEO, Bharti AXA Life Insurance, said that the current environment and its impact on economy has not only made people conscious about their security in terms of health, life and future, but also made them aware of the risks of not having a life cover. "Therefore, we will further enhance our digital model to provide seamless customer service, along with a robust claims management system that ensures customer satisfaction especially in such dire situations," he said.

(The writer is KR Srivats.)

TOP

Insurance Awareness Day: How to make an informed buying decision - Financial Express – 28th June 2021

The ongoing COVID-19 Pandemic has underscored the need for Insurance more than ever before. The uncertainty that has come with the current situation has prompted consumers to look for long-term financial tools like life and health insurance solutions that offer them the much-needed security to protect their financial future, along with that of their loved ones. We, in India, have a long way to go – both in life insurance awareness and in purchase of adequate cover. Life insurance policies of the pure protection variety, known as term Insurance, are a basic and most necessary form of life insurance cover. While consumers understand the importance of Term Insurance policies, they are often not guided well on the adequacy of cover to be financially protected. A simple way to approach this is the Human Life Value calculations method, which helps one arrive at the necessary Sum Assured amount systematically and transparently. It is also important for one to consider liabilities in the present and the foreseeable future to arrive at the right amount of life cover.

As a next step after planning with term insurance solutions, consumers could plan for other life goals like health cover, children's education, guaranteed incomes, wealth creation, and retirement planning. There is a variety of plans today that offer long term guaranteed incomes, lumpsums, annuities, attractive market linked returns, health riders, along with the assurance of long-term life cover. There is flexibility in the form of premium payment tenures such as single pay, limited period pay, and regular pay options. We have also seen the emergence of packaged solutions that combine attractive market linked returns and comprehensive Protection that cover Critical illness, hospitalisation, accidental death, and disabilities along with substantial life cover.

While it's never too late to plan investments in life insurance, one should remember that the earlier one starts, the better it is. So, start early, keep investing regularly, and do not dip into your corpus unless there is absolutely no other option available. The situation surrounding COVID-19 has presented an unprecedented challenge to all of us. The Indian Life Insurance industry is in this together and committed to doing its best to ensure that our consumers, distribution partners, and employees stay protected at all times.

(The writer is Venky Iyer.)

TOP

7 reasons why life insurance is a must for every individual - Financial Express - 28th June 2021

Contingency plans are important, yet most underestimated part of any project. A family's contingency plan is mostly financial and has one single objective – "to ensure adequate and timely financial support to the family." A good contingency plan will help the family sail through most any kind of financial distress without harming their long-term investments. In other words, your contingency plan should enable you to resume your normal course of life as soon as possible after an unfortunate event. While you should include other things, financial support is the most difficult to achieve in your hour of need.

A life insurance coverage is an important contingency tool for people to offer monetary cowl for individuals to provide financial cover to their families in case of any uncertainty. In a pandemic like COVID-19, when hundreds of thousands of lives have been lost, people have become cautious about their health and well-being and the significance of life insurance coverage has become relevant more than ever before. In occasions of such unprecedented times, an insurance cover can lengthen a serving to hand at each stage of life.

Here is why you need life insurance as a contingency tool for a secured future

To Protect Your Family and Loved Ones Financially

Life insurance is a way to express love to your family. It's about meeting responsibilities and keeping promises, a tool that protects the family from the potentially devastating financial losses that can result in case of uncertainty. If your loved ones depend on your financial support for their livelihood, then life insurance is a must. This is especially important for parents of young children or adults who would find it difficult to sustain their standard of living if they no longer had access to the income provided by the breadwinner.

Life is about moving forward, and as you scale new heights towards success, your income rises. Along with it, your lifestyle changes and so do the needs and expenses of your family. A life insurance plan helps you to create and save, versus any other financial instrument where you save and create.

To simplify, when you buy a life insurance policy of say Rs. 50 lacs, by paying the first premium of Rs. 2 lacs, you have already created an asset worth Rs. 50 lacs. You pay premiums if you live and create a good corpus through the invested premiums. In case of an unfortunate incident anytime during the policy term, your family is financially secured for a minimum of Rs. 50 lacs. Life insurance proves to be a great saving tool as it not only fulfils the need for savings but it also provides protection to our loved ones during uncertainties.

To Plan at Right Age

When you're just out of college, a life insurance policy is probably one of the last things on your mind. You may think it is for parents or middle-aged people. However, buying an insurance policy is cheaper when you are younger. The cost is typically lower than it will be later on. Also, it helps you create an emergency fund. So, buying an insurance policy should be a priority when you begin your career.

To Leave an Inheritance

Even if you don't have any other assets to pass to your heirs, you can create an inheritance by buying a life insurance policy and naming them as beneficiaries. This is a great way to set your loved ones up, for a secured financial future especially for kids and provide for any monetary needs that will arise.

To Pay Off Debts and Other Expenses

A life insurance cover will help your family in dealing with any kind of debt or financial liabilities during a crisis. The right life insurance will take care of any outstanding debt like a home loan, personal or car loan.

To Add More Financial Security

Like most parents, you probably want to ensure that your kids will be well taken care of in your absence. You not only want them to get a quality college education but to provide for other life ventures like getting married or starting a business. As parents of young children, you need to factor in the ever-increasing cost of education. Ensuring that the burden of a child's education and marriage does not fall on your spouse. Ensuring child's future even in absence of the parent.

To Plan Retirement

The best time to start planning for retirement is the day you get your first paycheck. Starting your retirement preparation when you're as young as 25 means you have time on your side to start building good habits and compounding savings. The longer your money can remain uninterrupted, the more your wealth can grow with the help of compounding.

A life insurance policy is usually long-term. So, the amount accumulated is also usually good enough to help to buy a home or planning retirement. If you invest in an annuity plan, you are assured of a regular income even after you retire from working life.

To Save Tax

All life insurance policies offer income-tax saving provisions. The policy premium is eligible for a maximum tax benefit of ₹ 1.5 lakh under Section 80C and tax-free proceeds on death/maturity under Section 10 (D) of the Income Tax Act, 1961.

Many investment options are readily available in the financial market, but life insurance is the one if opted for at an early age, provides multiple benefits ranging from, providing protection to your family in your absence, planning your retirement, adds financial security, helps in saving tax. The important thing is to choose the right life insurance for your budget and your needs. Over the years, your needs, your family situation and your life goals will evolve. When that happens, it will be time for you to re-evaluate the right type of insurance for you to ensure you are covered properly.

(The writer is Vinit Kapahi.)

TOP

Why, how much and when to buy life insurance policy – Find out - Financial Express - 28th June 2021

The insurance sector in India was opened for private players in 2000, a little over two decades back. Since then, insurance awareness among buyers has seen a marked change. From different insurance products to the way insurance is being bought, the industry has evolved a lot. To make insurance serve its purpose, there are a few key things to keep note of. Let us look at some of them and make insurance buying a better-informed decision. On the occasion of Insurance awareness day Peuli Das, Chief and appointed actuary, IndiaFirst Life shares some key factors with FE Online that one may consider for being better aware of life insurance as a financial product.

On the purpose of life insurance
It's with so much love and care that you build your own happy corner – a home, a family, a world surrounded by near and dear ones. Why life insurance? Because your loved ones would always need your assuring embrace, even when you are not there. They'll need a chance to rebuild their lives while not worrying about the pending bills, a breathing space that doesn't force them to make critical decisions at a time when they might feel most insecure and vulnerable. Some may call it an investment, but at its core, it's about caring for those who you care about the most.

On the amount of life cover that one should keep
Deciding on the amount of life cover requires careful consideration of all the value that one might bring to one's family and dependents in the foreseeable future. It must go beyond the immediate expenses – rents, groceries, clothes, or even a new car. Your kid's tuition expenses are bound to grow. Your aging parents would very likely need protection against failing health, increasing cost of medicines, and domestic help. A mortgage would need paying off. Typically, a minimum of ten times one's annual income is what is recommended. Insurers offer Human Life value calculators that provide reasonable estimates while considering all such factors.

On various types of life insurance policies that one may consider
The insurance market today provides ample options to the Indian consumer. There are of course the pure protection plans – cheap, with guaranteed long-term coverage. There are savings-cum-insurance plans that provide customers with an investment solution, yielding guaranteed steady returns for the family, over and above the death benefit. Then there are market-linked plans for the less risk-averse customers looking for wealth creation along with death coverage.

On the right time to buy life insurance
Life insurance is best bought early. The lower one's age at the time of entry, the lower would be the premium for the same coverage. Moreover, it would allow your funds to build with time and support you better when you need it. The premium rates are more attractive for women, on account of higher life expectancy. Tax exemptions on premium make life insurance an attractive financial planning tool. Other

tax benefits also exist, depending on the type of policy. Now is the right time to call your agent or study the information brochure before picking the policy you need.

(The writer is Sunil Dhawan.)

TOP

When taking a home loan, ensure all co-borrowers have life insurance – Live Mint - 28th June 2021

When giving a home loan, lenders insist that the primary borrower should have a life insurance policy. A borrower can either take a life insurance plan from the lender or submit a copy of their existing policy if they already have one. However, if there are co-applicants in the home loan, they, too, should have a life insurance. The recent deaths due to covid-19 have shown that it's always better if all borrowers are covered.

Take the example of a husband and wife who took a home loan together several years ago, where the wife is the primary applicant as both were working then. The lender forced her for a life insurance policy, which she availed. The husband was the co-applicant, and the lender didn't insist on him taking life insurance. After a few years into the loan, the wife stopped working. The husband continued paying the equated monthly instalment (EMI).

During covid, the husband passed away. Now, the wife (primary applicant) is alive and has an insurance cover. But the earning member passed away without any insurance to take care of the family's liability. Such instances are common, especially among couples where the husband is a business owner and the wife is salaried. Banks offer better rates to salaried and also to women. Take the example of the State Bank of India. According to its website, the loans to non-salaried are expensive by 15 basis points (bps). It also offers a 5 bps concession to women. One basis point is one-hundredth of a percentage point. It's, therefore, best to take life insurance policies for all co-borrowers, and the sum assured should be large enough to cover the home loan and provide for the family in case the breadwinner dies.

TOP

GENERAL INSURANCE

FM Announces ₹88,000 Crore Boost to Export Insurance Cover – Live Mint – 28th June 2021

The Centre on Monday announced ₹88,000 crore boost to export insurance cover. The Finance Minister proposed to infuse equity in ECGS over five years to strengthen export insurance cover by ₹88,000 crore. In India, the Export Credit Guarantee Corporation (ECGS) promotes exports by providing credit insurance services. Its products support around 305 of India's merchandise export. The ECGS also provides a range of insurance covers to Indian exporters against the risk of non – realization of export proceeds due to commercial or political risks. It also provides different types of credit insurance covers to banks and other financial institutions to enable them to extend credit facilities to exporters.

Additionally, it also helps in Export Factoring facility for MSME sector which is a package of financial products consisting of working capital financing, credit risk protection, maintenance of sales ledger and collection of export receivables from the buyer located in overseas country. The Corporation has introduced various export credit insurance schemes to meet the requirements of commercial banks extending export credit. The insurance covers enable the banks to extend timely and adequate export credit facilities to the exporters. ECGC keeps its premium rates at the optimal level.

TOP

When you are the 'first party' and an accident claim is made against you – The Hindu – 27th June 2021

We have so far had a broad look at the options of making a third-party claim for a vehicle accident. Now, what if you hold a motor-third party liability (TP) insurance policy and a claim is made against you? It pre-supposes your vehicle has been in an accident and somebody is injured, or their vehicle or any other property has been damaged in the incident.

Ahead of any consideration, you should ensure that any injured person gets immediate medical attention. However, do not offer any monetary help or promise be it injury, death or damage. This could amount to your admitting liability and may compromise your insurance company's ability to handle the case. This is, in fact, an express condition in your TP insurance policy. Inform the police and share personal contact information of both parties, the vehicle registration details and other information. Call your insurance company and they will take you through the next step and formalities for the likely TP claim against you. You may want to file an 'own damage' claim as well.

If it is only an injury or a vehicle damage, there would be 'helpful' suggestions to settle it between yourselves, from bystanders or friends and family. My advice is please choose the formal path. The injured party will lodge a complaint, a first information report (FIR) will be registered by the police and all the procedures outlined in these columns earlier may be witnessed. Your presence would be required at the police station depending on the nature and extent of the injuries.

Once your insurance company is in the picture, you can heave a sigh of relief. Now that is the true value of TP insurance. Do their documentation and let them take over the case at the Motor Accident Claims Tribunal (MACT) and proceed with negotiated settlements where permitted. You don't have to look for a lawyer, pay the lawyer fees or appear in court. In fact, insurance companies are careful and will not even let the litigant's lawyer as much as get in touch with you. If somebody does so, ensure you inform your insurer in writing with all the details.

In the case of third-party injury or death, the liability of the insurance company is unlimited. This means that the entire award of the MACT or the negotiated settlement ratified by the court would be paid by your insurer. In the case of third-party property damage, the limit of the policy's liability is ₹7.5 lakh. If the court awards anything more than that, you have to pay out of your pocket. As with anything dealing with insurance, caveats apply. Your TP insurance should be valid. Your driving licence, or that of the person who drove the vehicle when the accident took place, should be valid.

The person driving should not have been under the influence of alcohol or drugs, and the vehicle should not have been in use for any unlawful purpose. Neither should it be in use for any purpose other than what it has been intended for, which will be part of your insurance terms. For instance, using a private car as a commercial vehicle. In these cases, the TP policy will not be liable, but the buck would stop with the vehicle owner.

(The writer is K Nitya Kalyani.)

[TOP]

Undergoing home treatment? Know about home treatment add-on cover in health insurance - Times Now - 26th July 2021

The Indian insurance regulator IRDAI has allowed non-life insurers to offer "homecare/domiciliary treatment" or treatment at home as an add on cover afresh or to their existing policies. In a circular to all non-life insurers including standalone health insurers, the Insurance Regulatory and Development

Authority of India (IRDAI) has said companies have to file their products with it, if home treatment is offered as an add-on cover.

According to IRDAI, homecare treatment is one taken at home for an ailment that normally needs hospitalisation provided that a medical practitioner advises the insured home treatment; there is a continuous active line of treatment with the health status of the insured monitored daily by a medical practitioner during the duration of home treatment; and that records of daily monitoring of the insured patient and the treatment given are recorded and signed by a medical practitioner.

Norms for settlement of claims should be mentioned in the policy document and prospectus, it said. Adarsh Agarwal - Appointed Actuary at Digit Insurance, said: "This is a great initiative by the regulator in such a time, where we have seen a shortage of hospital beds. We have seen how home hospitalization has been pivotal in handling this shortage and helping ease out the burden on the healthcare system and save lives. If people can add it in their health insurance policy, it will help more people to get the right treatment at home on time in case they are unable to get hospitalized. This will also help in increasing the penetration of health insurance in India with such relevant covers. This will be helpful further if this is allowed particularly for COVID and with sub-limits, looking at the upsurge in the number of claims."

However, home health insurance policies already include home care treatment as an in-built feature of policy and helps make reimbursement accordingly. While this is not a mandatory feature, the coverage can vary from one policy to another.

(The writer is Aparna Deb.)

TOP

74% FDI in insurance sector: Boost in insurance distribution, jobs creation; what it means for consumers - Financial Express – 26th July 2021

Our country's parliament passed the Insurance Amendment Bill 2021 to increase the foreign direct investment (FDI) limit in the insurance sector to 74% from 49%. The hon'ble union finance minister, Nirmala Sitharaman had proposed this positive move in the last Union budget which got a final nod from the Cabinet Committee on Economic Affairs. The insurance industry has highly welcomed this move, which is likely to give the much-needed growth impetus to the sector, including the non-life segment. Let's try and understand how this move is likely to impact the sector, the services, the customers and the economy at large.

The ongoing pandemic has had far-reaching effects on all of us, impacting lives, livelihoods and businesses. The insurance business too has been impacted. While we witnessed the health insurance segment registering fairly robust growth, motor and life insurance segment slowed down. Foreign investment can give the much-required financial shot in the arm for expanding distribution and operations, post-pandemic.

The pandemic has also taught us the importance of financial security and the need for insurance. However, if we look at the numbers, overall insurance penetration in India is close to 4%, compared to a global average of around 7%. Non-life penetration stood at barely 1%. With a population of more than 1.3 billion, India requires far higher insurance penetration than any other nation. Increase in foreign investment limits, which will boost insurance distribution, is also likely to positively impact insurance penetration.

Another positive impact area could be job creation. Thousands of jobs were lost as a result of companies downsizing due to the pandemic. In a post-pandemic world, adding more jobs will be extremely important to provide an impetus to economic recovery. More investments are likely to trigger expansion plans for insurance companies that will look at reaching out to more people and create more jobs in the process.

Having looked at the positives for the industry and the economy, leaves us with the question – what does it mean to the end consumer? As we have discussed above, positive moves are cyclic in nature and trickle-down benefiting every stakeholder in the funnel. With more investments pouring in, competition in the sector is likely to pick up. This could mean a lot of choices for the customer which again, will translate into better services, competitive products and pricing, technological innovations etc. Another area that I see getting impacted from a consumer lens could be higher inclusion of the rural and semi-urban population. More investments will give insurance companies the required muscle to scout for newer geographies and customer segments.

Undoubtedly, this an extremely positive step towards the overall development of the sector and hope we can cover maximum lives in India, thereby bringing true financial inclusion.

(The writer is Suresh Agarwal.)

TOP

HEALTH INSURANCE

What is the restoration benefit in Health Insurance and how to use it? - Financial Express – 1st July 2021

With a rise in the Covid -19 cases in India especially during the 2nd wave, there has been a growing awareness and demand for health insurance plans in India. In fact, only in March 2021, there has been a phenomenal 41% rise in the health insurance industry. There has been a constant rise in demand for high sum insured health insurance plans in India. More people started opting for health insurance plans of INR 1 CR, especially from people in the age bracket of 30-40 years.

Along with a rise in demand for high sum insured, features that enhances coverage such as restoration benefit has also become quite popular. It is a common feature and is largely available with many health insurance plans in India. Also called the sum insured restoration, or recharge benefit, this benefit gives you additional coverage if you use up the sum insured. Here’s a look at what this benefit is all about –

What is the restoration benefit?
The restoration benefit is a coverage benefit wherein the sum insured gets restored or refilled after the original coverage is fully exhausted. Let me explain with an example. If you have a health plan of INR 10 lakhs and you spend INR 11 lakhs in hospitalisation. Even then, the entire coverage of INR 10 lakhs would be available in the next policy year.

However, if you need to claim again for say INR 4 lakhs in the same policy year, your health plan would not pay any further, since you have exhausted the entire limit (of INR 10 lakhs) in that policy year. However, if you have Restoration Benefit after the entire sum insured of INR 10 lakhs is over, the insurer automatically refills the coverage for you to claim again in the same policy year. So, if you have Restoration Benefit, it works like a Stepney in your health insurance plan, i.e. a backup in case your primary coverage is exhausted. This would, therefore, reduce or eliminate your out-of-pocket expenses.

Using the restoration benefit
There is no particular formality of making use of the restoration benefit. The restoration happens automatically. If your plan has the coverage feature and the sum insured is exhausted, the insurance

company would restore the sum insured automatically for any subsequent claim. You don't have to follow any process to ensure the implementation of the restoration benefit.

Terms and conditions associated with the restoration benefit
Though the restoration benefit sounds straightforward, there is often a fine print attached to it. This fine print states the terms and conditions for the applicability of the restoration benefit.

Here are some common terms and conditions that you should know about –
1. Applicable for unrelated illnesses
Under most health insurance plans offering the restore benefit, you would find that the benefit is allowed only if the subsequent claim is for an unrelated illness. This means that the subsequent claim should not be related to the first claim. If it is, the restoration feature won't work.

For example, say a policyholder used up the sum insured on angioplasty. If the policyholder were to make a subsequent claim, it should not be related to complications due to or related to the angioplasty. The subsequent claim should be for an unrelated illness for the restoration benefit to work. That being said, some plans allow the restoration feature even for related claims. You, therefore, need to check the policy wordings regarding the same.

2. Complete utilization of the sum insured
Under most plans, the restoration feature is available if the sum insured is fully used up. If the sum insured is remaining, the restore feature would not apply on the second claim. For instance, say you have a sum insured of INR 10 lakhs and, on the first claim you use up INR 7 lakhs. Since INR 3 lakhs is remaining, the restore benefit would not apply on the second claim. If the second claim is INR 4 lakhs, INR 1 lakh would be your out-of-pocket expenses. Then, if you make a third claim, the restore benefit would be available.

3. Restoration amount
Under most plans, 100% of the sum insured is allowed to be restored. Some plans might restrict this percentage to 50% while some even allow up to 200% restoration. Moreover, under some plans, you can choose to enhance the restoration amount through an add-on.

Points to keep in mind about Restoration Benefit:

- Restoration Benefit is available only after the entire coverage is exhausted
- It is never available in the initial claim. Only when the coverage is completely exhausted in the initial claim, it is available for subsequent claims in the same policy year
- You cannot carry forward any unutilized restoration benefit to the next year
- The benefit is usually found inbuilt in the coverage structure of many plans

Most plans allow restoration once during the policy year. Some plans, however, go the extra mile and allow unlimited restorations too. In the case of family, floater plans the restoration benefit can make all the difference if there are multiple claims from different members. So, look for the feature when buying health insurance to enjoy enhanced coverage and to minimize your out-of-pocket expenses.

(The writer is Dhirendra Mahyavanshi.)

TOP

Essential features of a super top-up health insurance policy you must know – Live Mint - 1st July 2021

Suppose your existing health insurance plan does not offer sufficient coverage, then a super top-up plan can help increase your coverage without having to opt for a fresh, expensive policy.

A super top-up health insurance policy provides reimbursement for cumulative medical expenses over and above a deductible. It is usually different from a regular health policy. It covers all hospitalisation expenses only after the sum insured of the standard health policy gets exhausted or you have paid the costs, up to the deductible, from your pocket.

Features of the top-up policy:
Cover for COVID-19 treatment: A super top-up policy covers the insured for hospitalisation required due to COVID-19. It also covers for other critical illnesses.

Only one-time payment of deductible: Under a super top-up policy, the insured is required to pay the deductible only once and can make a claim several times during the policy term.

For example, suppose an insured undergoes hospitalisation due to a specific illness, and the treatment expenses go up to Rs12 lakh. Here, the individual has a base health insurance plan of Rs7 lakh and a super top-up plan of Rs10 lakh. Under this case, the initial Rs7 lakh would be covered by the base health insurance plan, and the super top-up plan would cover the remaining Rs5 lakh of the total treatment expenses.

Flexibility to choose deductible: When buying a super top-up plan, the policy buyer gets the flexibility to select the deductible option as per the sum insured. High sum insured: With a super top-up policy, the insured gets a chance to increase sum insured as per requirement.

Additional coverage: Considering rising health expenses, having just an employer's insurance policy is not enough. With a super top-up policy, you can avail of cover that you might not get under an employer's health coverage policy—for instance, critical illnesses, AYUSH treatment, etc. Additional tax saving: On the premium paid for the super top-up health insurance policy, the insured can take tax benefits under Section 80D of the income tax act.

Who should opt?
The super top-up plan is highly recommended for senior citizens since, in their case, the risk of getting hospitalised is higher. The super top-up plan can reduce the higher premium rates that come due to increased age, said Rakesh Goyal, Director, Probus Insurance. "Moreover, you can also use super top-up plans to upgrade your group health insurance plan, as in many cases, the sum insured offered by group health plans is comparatively lower and insufficient due to the increased medical treatment expenses."

One should confuse a basic top-up plan and super top-up plan as they are different when it comes to making claims. In the case of basic top-up plan, the deductible is normally kept equal to the existing regular health policy sum insured. Unlike super top-up plan, you need to have a regular health policy with a basic top-up plan. This is because the deductible is applied on single hospitalisation or per claim basis in a year, that is, a basic top-up plan kicks in only if a single claim is made over and above the deductible.

(The writer is Navneet Dubey.)

TOP

How Covid-19 has made millennials scrambling to buy health insurance - Financial Express – 1st July 2021

The Covid-19 pandemic has not only killed lakhs of people but has also hit the economy hard due to repeated lockdowns that were imposed to arrest its spread. As a result, scores of people have either lost their job or faced pay cuts pushing them towards financial bankruptcy. Moreover, with hospitalisation bills running into lakhs during the second wave of Covid-19, the pandemic has hit families' finances even harder – wiping out lifelong savings and forcing many people to borrow money.

Millennials and younger working professionals too have not been spared, and the unfolding Covid situation has been a brutal eye-opener for this segment. This used to be one customer segment that had little awareness of health insurance covers until now, and even otherwise was more content with employer-issued group insurance plans that barely met their healthcare needs. According to a survey, proportion of people interested in buying health insurance to cover new age diseases in India has increased 71 per cent after the outbreak of Covid-19 pandemic compared to just 10 per cent people interested in doing so in the pre-Covid era. So, the majority of people now consider health insurance as a necessity to be financially future ready to fight unforeseen medical emergencies.

As per Vital, an online platform that provides a simplified and easy means to digitally access policies, the pandemic is already creating huge shifts in millennials attitudes to health insurance. "The pandemic has changed a lot of assumptions we have about our health. What we are seeing now is a definite increase by millennials who are adopting good health cover early. What's more is that they are looking for online platforms that provide digital policy benefits that they can use to manage and improve their health," said Jayan Mathews, Co-Founder and Chief Product Officer at Vital. "As much as 60 per cent of all registered members at online platform Vital are between the ages of 20 to 35," Mathews revealed.

(The writer is Amitava Chakrabarty.)

TOP

Why insurers may not pay the claims against medical bills in full – Live Mint – 30th June 2021

The fundamental reason to buy a health insurance policy is to avoid hefty medical bills. However, some cost related to medical bills still has to be borne by the policyholder even when carrying a cashless health card and availing services of a network hospital. Let us understand why your claim may get paid partially even if you have a comprehensive health insurance policy.

Ankit Agrawal, CEO and co-founder, InsuranceDekho, said, "This may happen at times when the claim is made for medical expenses that do not constitute a part of the coverage of a health insurance plan. It may also happen if the insurance provider deems the incurred medical expenses as unnecessary for the required treatment of the insured. Insurance companies only settle claims for those expenses which are mentioned under the coverage/inclusions in the policy document shared with the insured at the time of policy purchase."

Most of the time, deductions in claims are due to factors mentioned below:
Non-Medical expenses: Administrative charges, registration charges, surcharges, food apart from patient's nutrition, consumables, etc., may not be covered under the health policy.

Charges: Investigation charges/expense that is not related to the ailment for which you are getting admitted may not be paid by the insurer. "For instance, if admission is for say pneumonia then MRI of the spine may not be paid since it is not related to the treatment of Pneumonia," said Aatur Thakkar, co-founder and director, Alliance Insurance Brokers.

Room rent eligibility: This is the essential criterion for getting the maximum out of your claim. "Most of the policy have room rent defined, and if one gets himself/herself admitted to a room higher than the eligibility then he/she is bound to have major deduction as expense head like doctor charges, investigation charges, OT charges vary based on the room category you opt," said Thakkar.

Consumables: Most of the health insurance policy typically does not cover the cost of most consumables used to treat diseases in a hospital. Shankar Bali, joint managing director, Vidal Health, said, "The out-of-pocket expenses, which are not considered in the in claims are consumables, medicines (non-ailment) wearables, copayments, or copays. This percentage of the claim amount has to be borne by the policyholder. It may be on medical bills, hospitalisations or senior citizen policies. Deductible amounts range greatly based on coverage, location, and more. Therefore, this is something that the insured ends up paying from his or her pocket." Hence, one should always read the policy document clearly and clarify the doubts, if any, with the insurance provider/broker to avoid such gaps in understanding at the time of a claim settlement.

(The writer is Navneet Dubey.)

TOP

National Insurance Awareness Day 2021: Why is health insurance essential at every stage of life? - Financial Express – 28th June 2021

If there is anything COVID has taught us, it's that 'Health' is our greatest asset and investing in our health spares us and our family from a lot of financial problems and future worries. As we continue to progress with these uncertain COVID times, we have seen that there has been tectonic shift in people's mindset, and has driven a sudden realization that health insurance is a necessity for every individual.

Earlier, health insurance was an option that people used to purchase as a choice. It wasn't felt like a compulsion by all. But due to the rise of uncertainties, different funguses and viruses, and mainly with the COVID pandemic, the importance of health insurance has been realized by people and it has become more of an inevitability than a choice.

Further, after the devastating second wave of infections in our country, customers' thoughts toward health insurance have subsequently changed. Today, the question is not really around 'Why do I need health insurance' but rather 'how much sum insured and health cover do I need'. Keeping in mind the rapidly-escalating healthcare expenses, we all should look for an adequate no compromise comprehensive health insurance policy to secure the health and wellness needs that may arise at different stages of lifetime. In today's fast-paced world, there are numerous issues that affect an individual's health and having an adequate health cover is one of the best ways to be financially prepared against uncertain health risks.

Hospitalisation is a testing time for all, and the rising medical expenses and the medical emergencies might cost a fortune for people who are underinsured or uninsured and can jeopardize family's long-term financial goals. Thus, having a good no comprehensive health insurance policy ensures that you get proper quality medical treatment when you need it, without facing any financial crunch. Being financially prepared to tackle any kind of situation is necessary. Medical procedures can be extremely costly and they can take away the financial comfort of your family. Health insurance policies have always come to the people's rescue and they serve as a handy financial tool that allows you to heave a sigh of relief in the hour of extreme necessity.

Health insurance is a living benefit product and provides people with a much-needed financial backup at times of medical emergencies. So, you don't need to empty your bank account, or borrow money from your relatives or think of taking up a loan. A health insurance policy will cover you at all times and will ensure that quality healthcare remains accessible and affordable in the long term. When buying a health insurance plan, it is imperative to assess the size of the cover.

For instance, the cost of treatment is higher in metro cities than non-metros; coverage part for e.g. what is covered, not covered – exclusions, specific waiting period, PED condition; Inflation adjusted sum insured; Disease wise sub limits; Room rent and ICU sub limits; Restoration benefits; Ease of claim process both cashless and reimbursement. It's also important to look for additional benefits such as cumulative bonus booster, rewards for healthy lifestyle amongst several others.

As we are all aware, unfortunate events can come into our life without any warning; a mild fever can lead to serious disease. It is imperative to avail a health insurance plan that gives you extensive protection against all kinds of illnesses. There are plenty of health insurance plans available in the market but, you have to choose the one that can secure you and your family's domestic and global healthcare needs at every stage of life.

Single and Young: This is the stage of fewer responsibilities. Hence, young individuals should invest in a proper health insurance policy plan, as this can act as a hedge against pre-existing conditions later on. One of the top reasons to get health insurance at an early age is that you pay a very low premium and can reap higher benefits. Also, there is something known as 'No Claim Bonus' (NCB). NCB in health insurance is like bonus money which gets added to the sum insured for every claim-free year.

Married with Children: You need complete coverage of risk at this stage of your life. You have a family, your children to look after. Any kind of medical expense might cost you a hell of a lot of money and might even have an impact on your children's future expense and education. One may choose between a multi-individual – which offers individual cover for all the insured under a single policy or family floater policies, instead of multiple individual policies, depending upon the need, medical history and the number of members in the family. In case of floater cover people should ensure that sum insured is at least Rs 1 crore and above to access quality healthcare in India or abroad and cater to the problems of every increasing medical inflation.

Elderly Couples/ Retiring Couples/ Retirees: Your source of income mostly reduces to mere pensions or retirement corpus. The flow of income reduces as you grow older but as people age, many elders may need to cope with some or the other health conditions and would need protection against any untoward hospitalization expenses on account of large number of diseases including critical illnesses. Here's where, a comprehensive health insurance becomes a necessity for senior citizens, to ensure that they don't need to face a financial crisis if there are any medical emergencies during their golden years.

It is no secret that health is instrumental to an individual's education, income and overall development. Thus, a comprehensive health insurance coverage with a higher sum insured is a must have today to face any medical eventuality. It's important to buy a health insurance plan at a young age. Nonetheless, when one buys a health insurance plan for senior citizens, make sure it provides coverage for the broadest range of ailments with limited exclusions. The old-age may run a higher risk of contracting major ailments that are expensive to treat due to ever-increasing medical inflation.

We believe COVID has been the biggest advertiser to reinforce the fact that Health Insurance Zaroori Hai, but today on National Insurance Awareness Day again I would like to reiterate the need and importance of health insurance to enjoy healthier life with complete peace of mind. Because, "Jaan hai to jahaan hai" and "Health hai toh life hai!"

(The writer is Prasun Sikdar.)

TOP

Lack of data no excuse for homecare hospital cover - The Economic Times - 27th June 2021

Two decades after opening up the insurance sector in India on the promise of innovative products, industry officials complain on lack of data for domiciliary hospitalisation cover suggested by their sectoral regulator. The Indian insurance regulator IRDAI has allowed non-life insurers to offer "homecare/domiciliary treatment" or treatment at home as an add on cover afresh or to their existing policies.

In a circular to all non-life insurers including standalone health insurers, the Insurance Regulatory and Development Authority of India (IRDAI) has said companies have to file their products with it, if home treatment is offered as an add-on cover. According to IRDAI, homecare treatment is one taken at home for an ailment that normally needs hospitalisation provided that a medical practitioner advises the insured home treatment; there is a continuous active line of treatment with the health status of the insured monitored daily by a medical practitioner during the duration of home treatment; and that records of daily monitoring of the insured patient and the treatment given are recorded and signed by a medical practitioner.

Norms for settlement of claims should be mentioned in the policy document and prospectus, it said. IRDAI said that insurers can offer the cover to their existing policyholders by charging an additional premium for the residual period of time. However industry officials complained about the absence of data for offering the cover. Curiously, homecare or domiciliary hospitalisation cover was introduced by the government owned non-life insurers in the 1980s.

"Since domiciliary hospitalisation cover has been in vogue for quite some time, data on that should be available with the companies. In any case, lack of data is never a restraining factor in innovation. The recent example of Covid-19 specific covers is a case in point," K.K. Srinivasan, former Member (Non-Life) IRDAI told IANS. A glance at various claims reports of Insurance Information Bureau of India (IIB) does not show the term 'domiciliary hospitalisation' though there is data on Out Patient Policy which is entirely different.

"If the regulator directs to collect data on domiciliary hospitalisation then we can collect the same from the insurers," Kunnel Prem, CEO, IIB told IANS.

"Majority of the insurers stayed away from homecare insurance for reimbursement or cashless treatment. Insurers have some minimal cover," said Meena Ganesh, Managing Director & CEO, Healthvista India that offers homecare services under the brand Portea Medical. Continuing further Ganesh said: "The IRDAI circular doesn't mandate the insurers to offer homecare treatment cover. It is only a recommendatory circular - if you want to offer, you can offer."

According to her, only a small portion of her customers get domiciliary hospitalisation cover reimbursement.

Industry officials state the IRDAI's circular has come due to the massive Covid-19 pandemic second wave and many patients were not able to get a bed in hospital. Welcoming IRDAI's move, Liberty General Insurance Ltd.'s CEO and Whole Time Director Roopam Asthana had told IANS that the "add-on cover has to be priced right taking into account the data and possible scenarios". The insurers will save on huge daily hospital room charges, though the doctor and nurse fee may be on slightly on the higher side then what a hospital charges. "For the past one year, we have offered our policyholders suffering from Covid-19 homecare facility. The expense incurred by a patient at home is 80 per cent less than what is spent in a hospital," S. Prakash, Managing Director, Star Health and Allied Insurance Company Ltd told IANS.

According to him, the homecare treatment insurance cover is several decades old overseas and one should not wait long for data to offer the same to Indian policyholders. Prakash said insurers should tie up with hospitals with telemedicine facilities which in turn would further reduce the doctor visit charges. "I see this segment to have a great future. We will soon come out with a homecare policy," Prakash added. On their part the third party administrators (TPA) or the healthcare claims processing agencies say the domiciliary cover as an add-on cover will not impact them.

"For us, a claim is a claim. When this cover becomes mainstream, then the industry should educate the policyholders on the documents that need to be submitted for a claim," Nikhil Chopra, Chief Business Officer, Medi Assist Insurance TPA told IANS. He said this cover is provided in some group health insurance policies by some insurers. "If this product picks up, we will need to scale up and train our processors and doctors for such claims and pre-authorisations," Girish Rao, Chairman & Managing Director, Vidal Health Insurance TPA Pvt Ltd told IANS.

TOP

CROP INSURANCE

Centre launches special drive to bring more farmers under PM crop cover scheme - Deccan Herald – 1st July 2021

In a major farmer outreach, the government on Thursday launched a special drive to enrol more cultivators under the Pradhan Mantri Fasal Bima Yojana (PMFBY). A week-long drive, starting July 1, will cover all notified areas under the kharif 2021 season with special focus on 75 aspirational districts where crop insurance penetration is low. PMFBY, launched on January 13, 2016, aims to provide a comprehensive risk solution to farmers at the lowest uniform premium across the country.

Launching the special drive, Agriculture Minister Narendra Singh Tomar said so far 29.16 crore farmers have insured their crops under the PMFBY. More than Rs 95,000 crore worth of claims have been provided to farmers since the launch of the scheme, against the total premium of Rs 17,000 crore paid by them, he said.

However, there is a need to expand the scheme in the country so that the crop insurance coverage can be increased and more farmers get benefits, an official statement quoted the minister as saying. Tomar also urged state governments and other stakeholders such as banks and insurance companies to work together and reach out to the farmers in these identified 75 aspirational districts.

He also urged the farmers to come forward and enjoy the benefits of crop insurance and become self-sufficient in times of crisis. The minister flagged off Information Education Communication (IEC) mobile vans to engage with farmers on PMFBY during the week-long drive. He also launched a PMFBY e-brochure, FAO booklet and a guidebook to assist farmers and on ground coordinators to understand the scheme, its benefits and the process of crop insurance.

From getting enrolled under the scheme to ways to claim crop insurance under various circumstances to grievance redressal and reporting crop loss -- all will be explained to farmers through on-ground and digital initiatives. The campaign will also bring out stories of beneficiary farmers who have not only benefited from the scheme but helped the entire farming community through their thought-leadership.

Along with the farmers in tribal areas and aspirational districts, the campaign will engage women farmers as well. The virtual event was attended by Ministers of State for Agriculture Parshottam Rupala and Kailash Choudhary, Agriculture Secretary Sanjay Agarwal and other senior officers of the ministry.

TOP

SURVEY & REPORTS

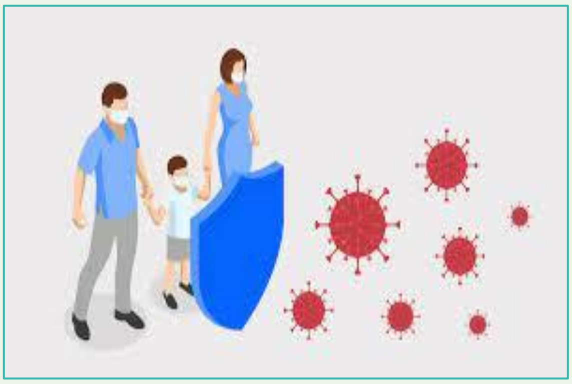
ULIPs are gaining popularity, says Bajaj Allianz Life study - The Hindu Business Line – 2nd July 2021

Unit linked insurance plans (ULIPs) seem to be gaining more popularity amongst investors as stock markets remain bullish. A study by Bajaj Allianz Life Insurance revealed that two out of three Indians intend to invest in ULIPs in the coming year. It also revealed that the affinity towards ULIPs have increased for nine out of 10 investors, post the first wave of pandemic. “The affinity for ULIP is higher in non-metros at 67 percent and among mass-affluent Indians (66 percent) compared to average Indians,” the firm said. For affluent customers, ULIPs are attractive as it offers ease of tracking of investments, low-cost structure and convenience of adding rider or top-up and withdrawal of money, the survey revealed.

Further, middle-income Indians seek the facility of partial withdrawal in ULIPs. “More than one in three middle-income Indians rate this as key feature in ULIPs. For more than 50 percent mass-affluent Indians, guidance of experts in managing funds is a key feature in ULIPs,” it further said. Amongst the younger investors, SIP was found to be the most preferred mode of investing.

TOP

Term and health insurance top priority amidst Covid-19 pandemic: Study - Live Mint – 28th June 2021



Over 90% of Indians believe that health and term insurance is important for their financial safety and mental wellbeing, as per the findings by Policybazaar.com.

The survey conducted to celebrate National Insurance Awareness Day: 2021 understands the impact of covid-19 on insurance awareness and purchase behaviour of Indians in the last 15 months. Policybazaar surveyed over 6,000 existing customers who bought Term, Health, and Motor insurance from the platform. The survey was fielded to respondents between 18 June and 21 June.

Health Insurance

Motivated by the fear of contracting covid-19 infection, 61% respondents invested in a comprehensive health plan followed by 10% respondents choosing covid-specific policies. High medical costs (40%), fear of covid-19 and tax-saving benefits were primary reasons that triggered people to buy a health cover. Nearly one-fourth of the respondents received covid claims for treatment at home/domiciliary, while claims approved for those treated at hospital stood at 77%.

The pandemic led to a significant increase in porting requests as people are looking for policies with higher sum insured and better features. The survey reveals that 7 out of 10 people wish to port their health policies to a different insurer for a higher sum insured and better features like zero co-payment, no room-rent capping, and lower waiting periods.

Term Insurance

The findings revealed that over 3/4th of respondents purchased term insurance in the last 2 years due to the fear of covid. Nearly 9 in 10 respondents who purchased a term plan considered it a means to protect their family’s financial future and not merely as a tax-saving instrument (2%), as per the study. Further, the survey findings denote that 72% of respondents bought their first term plan online from PolicyBazaar. When choosing the sum assured, 60% of Indians bought a term plan cover ranging between ₹50 lakh - ₹1 crore, 25% chose a cover above ₹1 crore.

Ideally, the sum assured of your term plan should be 15–20 times your annual income, and the policy tenure is until your retirement age. Interestingly, 6 out of 10 Indians buy a term plan with up to 61–81 years of age, which is India's most common retirement age. "During unprecedented times like these, it is important to understand our customer’s outlook towards insurance products and serve them with the right solutions specific to their needs.

A well-insured nation is always better equipped to deal with economic uncertainties. Protection products are becoming the foundation of financial planning especially considering the impact of covid-19. The pandemic has definitely accelerated awareness around insurance and the quest to buy the right insurance plans", said Sarbvir Singh, CEO, Policybazaar.com.

TOP

PENSION

Conditions under which you can prematurely withdraw from EPF account - Financial Express - 28th June 2021

Investors are suggested not to make withdrawals from their Employees' Provident Fund (EPF) until maturity as it works on compounding and the corpus if allowed to build up, can reap huge benefits. Usually, partial withdrawals or advances from PF are allowed but only under certain conditions.

Experts say EPF is a type of investment scheme that is created for retirement, hence, withdrawals should be prevented unless it is an absolute emergency. Also, note that provident fund that is withdrawn within 5 years of account opening is taxable.

To meet short-term needs, partial early withdrawal from EPF is permitted on certain conditions but to withdraw the full corpus, the subscriber must be at least 58-year old. Also, one can withdraw up to 90 per cent of one's corpus, at the age of 54 years, 1 year before retirement. After leaving a job, one can withdraw 75 per cent of their provident fund balance if he/she remains unemployed for 1 month and the remaining 25 per cent after the 2nd month of unemployment. Partial withdrawals are allowed for financial goals like wedding planning, education, house construction, and medical issue. Note that the interest earned and withdrawals are not taxed.

When can you make a premature withdrawal from your EPF account?

Medical Emergency

In any case of medical emergency be it for the investor, spouse, parents or children, any PF member can make a pre-mature withdrawal. Either six times the investor's monthly salary or a lesser one of the employee's share plus interest.

New House

In case of construction or purchase of a new house, one can make a partial withdrawal from their EPF, however, the employee must have served a minimum of 5 years. In this case, one can withdraw 90 per cent of the PF Balance.

Renovation of House

The employee can withdraw after 5 years from the construction of a house, for renovation from their PF money. 12 times the employee's monthly salary can be withdrawn in this case.

Home Loan

For repayment of a home loan, one can make withdrawals from EPF but the employee must have served a minimum of 3 years. They can make a withdrawal of 90 per cent of the PF Balance for this situation.

Wedding

For the wedding purpose, be it the member or sibling or of children, one can make a partial withdrawal from PF. However, the employee must have served a minimum of 7 years. 50 per cent of the employee's share along with interest can be withdrawn for this case.

(The writer is Priyadarshini Maji.)

TOP

Individuals can now sell pension products: PFRDA chairman – Live Mint – 28th June 2021

To increase the penetration of the National Pension System (NPS), especially in tier-I and tier-II cities and to reach out to all segments, the Pension Fund Regulatory and Development Authority of India (PFRDA), has now allowed individuals, including NPS subscribers, to become distributors of pension products.

The regulator had earlier allowed banks and point of presence-service providers (POP-SPs) to work as pension product distributors. As part of the latest move, POP-SPs will empanel individuals seeking to become pension product distributors as per PFRDA guidelines. “Direct licensing will not be provided to these individual advisers by PFRDA. It will be given to them under POP-SP regulations, PFRDA chairman Supratim Bandyopadhyay told *Mint*. “PFRDA will provide broad guidelines to POP-SPs who wish to take individuals with them (as a pension adviser) and allow these individuals to walk in the field and procure pension products."

Bandyopadhyay also clarified that the process to get pension products distributed or sold by individual advisers is left to the discretion of POP-SPs. POP-SPs are free to decide on whether to empanel individuals to sell pension products. Also, similar to the mutual fund and insurance industries, there is no cap on empanelling individual advisers under a POP-SP.

The selection of individuals will be made on specific grounds. “PFRDA will give broad guidelines on the selection process to POP-SPs. To get them empanelled, changes have been made in POP-SP regulations," said Bandyopadhyay. Bandyopadhyay further said that PFRDA is still taking suggestions from POP-SPs (which have tie-ups with other insurance companies) to decide on how individual advisers can get their commissions paid.

Additionally, steps have been taken to prevent the misselling of pension products. “Like in the case of the insurance industry, the proliferation of products can give rise to misselling. Fortunately, we have only two products (NPS and Atal Pension Yojana). So, by giving proper training to these individual advisers, who get empanelled under POP-SPs, we can curb misselling. Since NPS is a market-linked product, subscribers need to get proper guidance from advisers. Advisers should tell subscribers that they shouldn’t rely on the past performance of funds."

For an act of omission, negligence, the POP-SPs will be held responsible, just as in case an insurance agent makes any inadvertence, the insurance company is liable for that act. Similar principles will apply when it comes to the distribution of pension products by individual advisers via POP-SPs, said Bandyopadhyay.

(The writer is Navneet Dubey.)

TOP

GLOBAL NEWS

Reinsurance: Market likely to retain discipline and maintain balance – Asia Insurance Review

Reinsurance rate increases continued for most major lines and territories during the 1 June and 1 July renewal period; however, in many cases reinsurers had to accept firm order terms below their initial quotes, according to the latest 1st View renewals report from Willis Re, the reinsurance division of Willis Towers Watson.

That indicates that the market is approaching equilibrium, adds Willis Re.

Good 1Q performance
Reinsurers' good 1Q results, generally low catastrophe losses, rising underlying reinsured premium volumes, positive investment trends, and the strong economic recovery from COVID-19-related economic pressures together moderated rate increases, despite reinsurers' best efforts to maintain pricing momentum. Capacity overall remained more than sufficient to meet demand, but reinsurers resisted the temptation to compete for top-line revenue, so capacity for poorly performing classes was constrained.

Concerns over inflation and COVID-19 related losses had no impact on pricing with flat or modestly rising rates for property renewals. Casualty risks saw less consistent changes to pricing and coverage, although the overall gentle upwards trend was similar. An exception was ceding commissions, which responded more directly to changes in the underlying rates and terms and conditions. Momentum continued in the catastrophe bond market, which saw around $6bn of new issues in the second quarter of 2021, outstripping all new cat bond capacity issued in 2019. Significant investment inflows have narrowed margins and encouraged new cat-bond cedants.

Approaching equilibrium
Mr James Kent, Global CEO of Willis Re, said, "The global reinsurance market is moving towards an equilibrium. Reinsurers, backed by resilient investors delivering an increasing capital base, are robust and well-positioned to provide the long-term support their clients expect and need. These clients recognise the value of a stable and broad reinsurance marketplace, so have continued to grant rate increases in most instances.

"However, we are approaching the top of a cycle which we believe is unlikely to precede a precipitous and damaging decline in rates. Instead, the market is likely to retain its discipline in order to maintain the balance it has achieved over the past couple of years especially with the full picture of losses from COVID-19 and prior year liability lines still to emerge."

TOP

Japan: Life insurers continue to be pressured by COVID-19 fallout - Asia Insurance Review

The COVID-19 pandemic has dented life insurers' top-line growth while low interest rates have dampened their investment income significantly. Consequently, AM Best says that it is maintaining its negative market segment outlook on Japan's life insurance segment. A new *Best's Market Segment Report*, "Market Segment Outlook: Japan Life Insurance," notes that Japan continues to face ongoing pressure domestically and abroad from the economic fallout from the COVID-19 pandemic.

AM Best's negative outlook primarily reflects anticipation of headwinds for the near-term operating performance metrics of life insurers in Japan.

In AM Best's view, the current and forecast macroeconomic conditions are likely to suppress top-line growth and profitability of most domestic life insurance companies. However, the global credit rating agency notes that most life insurers maintain very strong risk-adjusted capitalisation, and are expected to be able to withstand the potential impact on capital changes that may result from volatility in the global financial markets.

Life insurance sales
According to the report, domestic life insurance sales in Japan recovered gradually over the second half of the financial year ended 31 March 2021 (FY2020), on the back of a slow but steady resumption of sales activity, and the implementation of new business strategies. These new initiatives include the increased use of online and digital tools to mitigate the impact of reduced face-to-face sales activity, as well as the promotion of new product features addressing heightened and emerging customer needs.

However, Japan's real GDP for the period April to June 2021 is estimated to have decreased for a second consecutive quarter, mainly due to an extension of the country's state of emergency over the COVID-19 pandemic. Downward pressure on economic activity may be exacerbated by uncertainty over the country's vaccination rollout, although the risk of reduced activity is skewed toward business sectors that involve extensive face-to-face interaction.

Capitalisation
AM Best remains confident that most Japanese life insurers will be able to maintain at least very strong levels of risk-adjusted capitalisation, in addition to financial leverage ratios that are generally more conservative than their global peers.

The amount of excess solvency margin held by most domestic insurance companies is also sizable relative to the value of equities and foreign bond holdings, which suggests that there is a significant amount of excess capital available to cushion against market volatility. The major threat to Japan life insurers' prospective economic solvency ratios continues to be the possibility of a steep reduction in domestic interest rates, especially excessive declines in super long-dated bond yields.

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Japan: General insurers to focus on climate change - Asia Insurance Review

Members of The General Insurance Association of Japan (GIAJ) will further focus their efforts on climate change in the current fiscal year ending 31 March 2022 (FY2021) as the issue presents a global and urgent challenge that requires bold initiatives from a medium to long-term perspective, says Mr Shinichi Hirose, the association's chairman. In a statement issued earlier this month, Mr Hirose said that the GIAJ has begun since April 2021 to act to achieve the goals set out in the association's Ninth Mid-Term Business Plan. In this plan, the GIAJ has identified the following as its priority issues: development of a sustainable business environment; realisation of a disaster-resilient society, and improvement in general insurance literacy.

The Ninth Mid-Term Business Plan, which spans FY2021 to FY2023, takes into account what the GIAJ achieved under the Eighth Mid-Term Business Plan and the impact of COVID-19 on society.

Response to COVID-19
In his statement, Mr Hirose said that the GIAJ has set out its "Basic Policy for COVID-19 Control" and established a framework to address the disease. Member companies have been taking measures to prevent infection, such as by promoting remote working and non-face-to-face sales. They have also implemented special measures for customers affected by COVID-19, such as allowing a moratorium on the renewal of insurance contracts and premium payments. Furthermore, to cater to the growing interest and demand among customers for insurance products related to COVID-19, insurers are working to develop such products and provide information on new types of coverage.

Response to Nat CAT
In response to large-scale natural disasters such as the torrential rains in July 2020 and the earthquake off the coast of Fukushima and Miyagi Prefectures in 2021, Mr Hirose said that member companies endeavoured to make prompt and appropriate compensation while taking utmost precautions to prevent the spread of infections to customers in the affected regions.

Mr Hirose said, "Through our Natural Disaster Response Review Project Team, GIAJ and our member companies are carrying out detailed studies, focusing on industry-wide responses to wind and flood disasters, as well as the prevention of fraudulent claims. In addition, as this year marks the 10th anniversary of the Great East Japan Earthquake, we have strengthened our efforts to improve market penetration of earthquake insurance."

For wind and flood disasters, the GIAJ has developed an industry-wide system which utilises satellite technology to quickly grasp the extent and depth of inundation of buildings. The GIAJ will continue to examine and discuss with the relevant authorities to further develop and expand the system so that it can be better prepared for severe flood disasters.

In addition, in cooperation with Yahoo Japan Corporation, the GIAJ has established a system that provides disaster-related information to customers in affected areas with push-notifications on smartphone applications and other means in the event of large-scale natural disasters. "We will continue to contribute to disaster prevention and mitigation by enhancing our communication capabilities through the use of digital technology, Mr Hirose said.

Standardisation of business operations

He pointed out that in July 2020, the GIAJ set up a special working group to resolve operational issues in the industry. Through the group's work, the association has been able to identify and find solutions to challenges faced in various operations such as concluding contracts, responding to accidents and making insurance payments. Leveraging on the work of the group, the GIAJ plans to launch a standardised system in FY2021 for general insurance premium deduction certificates as well as paperless procedures for exchanging co-insurance information among member companies.

As customer needs are expected to diversify further even in the post-COVID period, the GIAJ will identify and steadily establish business processes that are suitable for non-face-to-face, non-contact, and paperless operations while maintaining good customer experience and high-quality services.

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