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QUOTE OF THE WEEK

"If you want to see the true measure of a man, watch how he treats his inferiors, not his equals."

J. K. Rowling

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

3rd Party Insurance

Definition:
Motor third-party insurance or third-party liability cover, which is sometimes also referred to as the 'act only' cover, is a statutory requirement under the Motor Vehicles Act.

It is referred to as a 'third-party' cover since the beneficiary of the policy is someone other than the two parties involved in the contract (the car owner and the insurance company). The policy does not provide any benefit to the insured. However, it covers the insured's legal liability for death/disability of third-party loss or damage to third-party property.

Description:
Since the third-party insurance cover is mandatory, all non-life insurance companies have an obligation to provide this cover. In the Indian context, automobile dealers arrange for a comprehensive insurance cover along with vehicle registration. This comprehensive cover is an add-on to the mandatory third party cover and protects the car owner from financial losses, caused by damage or theft of the vehicle.

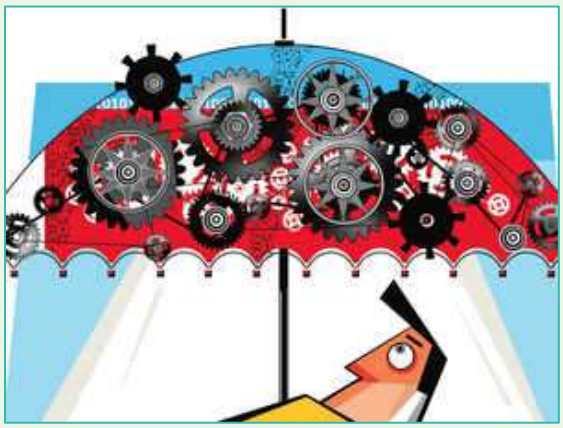
The cost of a comprehensive cover is several times that of a stand-alone third-party cover, since damage claims are more frequent than third-party claims.

Until now, the premium for motor third-party insurance was calculated on the basis of a schedule of rates provided by the Tariff Advisory Committee, an arm of IRDA, the insurance regulator. But IRDA has done away with the motor tariff. The compensation to the victim is largely decided by the earning capacity of the accident victim.

Source

INSURANCE INDUSTRY

India's insurance industry is improving efficiency through the use of new-age technology - The Economic Times – 30th August 2019



Insurers faced a pressing problem last year — a surge in home insurance claims following destructive floods in Kerala. As applications for relief from devastated regions mounted, Reliance General Insurance decided to deploy a video conversation feature, used to process motor vehicle claims, to quicken claims processing.

Policy holders went on a two-way video chat to show the extent of damage to the surveyor. The result: Claims got processed in three days from over two weeks earlier. This is just one example of how insurers are using technology to simplify processes and use customer data efficiently.

Insurers are adopting AI powered platforms to help agents market the right policy, and setting up virtual branches and processing motor vehicle claims based on photographs. Broadly speaking, they are using emerging technologies, including artificial intelligence, big data analytics and block chain to transform IT systems.

"We took a blended approach and did a few home insurance claims on video on an experimental basis," said Rakesh Jain, CEO, Reliance General Insurance, referring to the Kerala home insurance claims. The

company is investing $10-12 million every year to upgrade technology. It was among the first to assess motor vehicle claims through video chat two years ago. Of the 30,000 such claims it receives each month, around 55% get processed through use of video.

“Indian companies are realising that they are sitting on a lot of data, and are looking at how to unlock it,” said Subram Natarajan, chief technology officer, IBM India and South Asia. IBM works with a number of insurance firms on outcome-based design, or creating products tailored to specific customer needs. Only 4% of India is insured, which means “there are plenty of opportunities to grow,” Natarajan said.

The reach of life insurance in India was under 1% when the industry opened up to private players in 2001. It is still among the lowest globally, according to a report by the Insurance Regulatory and Development Authority of India. More than 98% of life insurance policies are still sold directly, a joint PwC-CII report has estimated. Distribution partners will need to use technology tools to fit into a digital future, it said.

Insurers have launched mobile phone apps, making it easier for customers to transact with them. They are, slowly and surely, moving towards paperless claims as well. These are, however, only the first steps in digital transformation. Changing core systems is expensive and complicated. So, most transformation initiatives focus on improving systems of engagement with customers.

Insurance companies are unique — most of their interactions with customers happen through an agent. In effect, a chunk of technology investment goes into improving agent experience. Insurers have developed systems to advise agents on products tailored for specific customers, depending on their history with the insurer and income band. Bajaj Allianz Life Insurance has a mobile app to hire agents.

This helps in training, exams and licensing. It has brought on board 15,700 consultants digitally in the past year, cutting down processing time by half. It has also rolled out a virtual branch for customers — Mosambee, a sort-of ‘branch-in-a-box’.

“Mosambee enables our insurance consultants to provide customers with all services at their doorstep, which they (customers) would (otherwise have) availed at a branch,” said Goutam Datta, chief information and digital officer of Bajaj Allianz Life.

Mosambee, launched in November 2017, has helped service more than 150,000 customers and collect renewal premiums of more than Rs 700 crore, he said. Bajaj Allianz General Insurance, on the other hand, is using bots to answer queries on claim status and policy copy requests. It has launched a self-claim settlement tool for motor vehicle claims, up to a certain monetary limit.

“The advent of technology has influenced the behavior and expectations of customers and it is imperative that the insurance industry also evolve and offer products and processes with the changing environment,” said Sourabh Chatterjee, head of IT, web sales and travel at the private general insurer.

Max Life Insurance, another insurer in the private sector, started its digital transformation in 2015. It realised back then that rolling out a new feature would take nine months if it takes the traditional approach, too late in an industry where requirements evolve quickly. “In 2017, we set up co-located teams with our tech partners and adopted an agile way of working, putting out solutions every 15 days,” said Manik Nangia, the chief operations officer.

Soon, updating a customer’s contact details online could be done within minutes — something that required at least a couple of branch visits earlier. Now, more than half of its service transactions are done digitally, and it gets a fifth of new customers through the website, Nangia said.

Take the case of ICICI Lombard General Insurance. The general insurer invested around Rs 43 crore in technology last fiscal year, focusing on AI, machine learning and data analytics, among others, to increase operational efficiency. One of the things it has done is deploy sensors based on Internet of Things (IoT) technology to track marine cargo consignments for corporate customers. “This year alone, we have deployed 3,500 devices across six large corporates, and have already defused multiple hijacking and theft attempts,” said Girish Nayak, chief of customer service, operations and technology. It also prevented a

temperature-sensitive pharmaceutical consignment from going waste, when the truck carrying it met with an accident. ICICI Lombard has developed an IoT-based instant health check facility for corporate customers, and is using telematics to identify and segment vehicle users based on driving behaviour.

NEW AGE FIRMS

New age insurance firms, nimble and technologically savvy, are challenging these old economy players. Digit Insurance, a two-year-old insurer that focuses on creating smaller value products, is using block chain-based systems at the backend to speed up claims processing. It has already brought down time taken to service a mobile phone damage claim from about 25 days to a few hours.

"Servicing smaller ticket sizes means it has to be a cost-effective and technology-driven solution," said Vijay Kumar, CEO, Digit. "From onboarding customers to servicing claims, we have heavily leveraged technology with minimal manual intervention."

Many of these features, like automatically initiating and processing trip delay claims within a few hours, would not have been possible till a few years ago because the technology was simply not available. Changing consumer behaviour is rapidly driving changes towards financial inclusion and sachet-model financial products in the insurance industry, said Veeraj Thaploo, chief technology officer, Blaze clan Technologies, which works with several Indian insurance firms on their technology platforms.

"These financial products are targeted at the mass-market, focusing more on the mid- and low-income section. Different e-commerce platforms are working with insurance companies to onboard sachet financial products on their platforms," he said.

The changes, however, come with their own set of challenges, including the development of a high performance and scalable delivery model through technology. Due to this, most firms are opting for Cloud-based solutions. Traditional insurers have realized this and are attempting to keep pace.

Max Bupa Health Insurance recently tied up with fintech firm Mobikwik to tap into millennials and first-time buyers. "Bite size insurance is an emerging trend, and with this too, we are working in line with changing needs of customers," said CEO Ashish Mehrotra. Insurance companies need to streamline processes to make buying and usage of health insurance convenient to customers, and technology integration is key to doing that.

"Emerging technology solutions have huge potential and can bring a significant shift in the health insurance industry in the coming years," Mehrotra said. The company has tied up with healthcare startup GOQii to track health score of customers, based on which they get discounts on health insurance premiums. Yet, insurers agree that there is still scope to do a lot more.

"To be able to do all home insurance claims online, companies would need to invest to build a complete architecture of homes in the backend for a seamless front-end experience," said Jain of Reliance General Insurance. "There is potential to extrapolate work done in one area to other offerings."

(The writer is Priyanka Sangani.)

TOP

Source

Deposit insurance in India covers 92% of accounts, 28% of banking deposits: RBI - The Economic Times – 29th August 2019

Deposit insurance in India covers 92% of the total number of accounts but only 28% of the total banking deposits, the latest central bank data showed. At current level, this insurance cover works out to 0.8 times of per capita income in 2018-19.

"With the current limit of deposit insurance in India at Rs 1 lakh, the number of fully protected accounts stood at 200 crores at the of end-March 2019, which constituted 92% of the total number of accounts, as against the international benchmark of 80%," the regulator said in its annual report released on

Thursday. The Deposit Insurance and Credit Guarantee Corporation (DICGC) provides insurance cover to deposits in all commercial banks. At the end of FY19, the number of registered insured banks stood at 2,098, comprising 157 commercial banks, and 1,941 cooperative banks.

In terms of amount, the total insured deposits of Rs 33.7 lakh crore as at end-March 2019 constituted 28% of assessable deposits of Rs 120 lakh crore, against the international benchmark of 20% to 30%.

The Financial Resolution and Deposit Insurance (FRDI) Bill, which was junked by the government last year, had argued a higher share of deposit insurance for depositors. It had also said that financial firms are different and hence an orderly winding-up process of a financial institution be put in place. In August last year, the government announced that it has withdrawn the bill, which caused a lot of furore among the general public as it contained a 'bail-in' clause for resolution of bank failure.

The size of the deposit insurance fund stood at Rs 93,750 crore as on March 31, 2019. During 2018-19, the DICGC sanctioned total claims of Rs 37 crore against claims aggregating Rs 43 crore during the preceding year.

(The writer is Saloni Shukla.)

TOP

Source

There is room to improve how insurance-related information is reported – Mint – 28th August 2019

I learnt about flexibility in statistics when working as a greenhorn consultant with an international beer major. A seasoned client executive showed me data conclusively proving that beer was healthier than milk. It was many years later that I realized that the data was incomplete because it did not tell me if beer drinkers also drank milk.

Small changes in definitions or presentation can alter the meaning completely. Within the insurance industry, there has been tremendous progress in sharing information. Every insurer releases over 50 pages of data each quarter and since there are over 50 insurers that's 10,000 pages a year. The Insurance Regulatory and Development Authority of India (Irdai) publishes its own independent quarterly and annual reports. This has made decisions in insurance more informed. Buyers now ask about claim settlement, persistency and solvency margins. Advertisements can only use statistics following standard definitions.

But there is room to improve. Specifically, in the way grievances, claims and persistency are reported. On grievances, the current definition is restrictive because only written complaints are recorded as grievances. Social media grouses or phone conversations with your agents are not classified as grievances which means that complaints are understated. Even with written complaints, there are differences in what is counted and how systematically that information is captured. Correcting this statistic will increase the reported grievance rates but will make for a better measure. On the reported parameter of claims complaints per 10,000 claims, there are two insurers that report this on a base of 10,000 policies rather than claims, incorrectly lowering their published complaint rates.

On claims, the regulator had specified that the category of "claims closed" must be removed and classified as outstanding, settled or repudiated. Claims closed were those that an insurer removed from their active records because the patient failed to send all the information asked for. Typical examples of such requests were old medical case histories. This removed situations where insurers could keep asking for documents until claimants were worn out. However, several insurers reported claims closed last year. Another problem is the way time to settle claims is measured in public disclosures. The reported

numbers for claims settled within three months is over 99% for most insurers. But those that have filed reimbursement health claims know that settlement can take much longer. What's going on? The issue is that the reported settlement time is measured from when insurers receive all the information they want. It does not measure time from when you inform an insurer of your claim. I reviewed 1,000 health claims and observed that just about 50% of the claims are settled within three months if time is measured from the first intimation rather than receipt of all papers. I accept that patients can delay filing of information inordinately and insurers are not responsible for this, but the information should be published in any case. If this settlement time is properly measured, there will be an incentive to reduce documentation.

On persistency, the definition for life insurance products should exclude single-premium and group sales. The impact of including single premium plans is to increase persistency, and combining individual and group business can hide the issues of individual insurance. In health insurance, persistency rates are not published but should be. They are important because health insurance is designed to be retained life-long and continuity is necessary to claim for pre-existing conditions. Yet, people lapse their health insurance and buyers should know how often and why.

There is an opportunity to further detail published information. Claims, grievances and persistency must be broken down by product because the product choice is as important as insurer selection. There can be significant differences in product performance across the same insurer. Death claims should be published for term plans. All of this will mean many more pages of data to pore over but it is a worthwhile pursuit.

Inaccurate information matters—buyers have specific concerns around the stability of insurers, claims experience, product features and performance and look to data for answers. Incorrect information will lead to poor outcomes. However, sometimes wrong conclusions do not matter—in the beer versus milk case, I was happy to be misled.

(The writer is Kapil Mehta.)

TOP

Source

100% FDI in insurance intermediaries notified – Outlook – 28th August 2019

The government on Wednesday notified 100 per cent FDI in insurance intermediaries which was announced in the Budget in July this year.

The notification was issued by Department of Financial Services of the Finance Ministry.

Among measures to boost foreign direct investment (FDI) in India, Finance Minister Nirmala Sitharaman, in her maiden budget speech, had proposed permitting 100 per cent FDI for insurance intermediaries.

The FDI limit was set at 49 per cent till now.

Industry had said the move to allow 100 per cent FDI for insurance intermediaries is a positive one and will help in the long-term and holistic development of the industry.

The government has been considering the proposal for 100 per cent FDI in insurance intermediaries for the past two years. The insurance regulator was also in favour of the move.

The FDI hike could also boost use of newer technologies, according to industry experts.

TOP

Source

Don't buy an insurance policy simply for tax saving purpose – DNA – 28th August 2019

Many of us are forced into buying insurance products which we do not really need. We get to hear a number of horror stories of misselling by insurance advisors. In order to help readers understand the basics of life insurance, I have decided to discuss various aspects and variations of life insurance products so that they do not fall victim to such misselling.

Need for buying life insurance

The basic purpose of buying life insurance is to provide financial security to the people financially dependent on you. Many young people think of buying life insurance as soon as they start earning. This is not the correct approach. One should not buy life insurance until somebody becomes dependent on you financially or you have any debt like home loan etc. Likewise, insurance should never be bought for tax saving. The availability of tax benefits is an incidental benefit that may accrue to you but it should never be considered the main benefit. The main benefit should always be the financial protection of financially dependent persons. For tax saving, you can select many more tax-efficient products which will fetch you better returns as well in the long run as compared to any insurance product.

When asked the amount the quantum of life insurance they have, many would tell the amount of the premium they were paying. Most of the people are not able to quantify their insurance needs. One has to buy adequate life insurance. In my opinion, one needs to have life insurance of minimum of 12-15 times of annual income. The insurance needs of a person at the beginning of the career would be a higher multiple of the annual income to factor into the fact that income would gradually increase. So if you are below 45 years, opt for at least 15 times your annual income as the amount of life insurance cover needs. For those over 45 may take insurance of around 12 times their annual income. This is the thumb rule. You have to take into account various other factors into account like financial liabilities and the quantum of assets already owned by you.

Basic categories of life insurance products

Life insurance products can be divided into two broad categories.

Pure risk products: Under this category comes all the variants of term insurance plans. Under the term plan, the person who is named as nominee/beneficiary gets the insurance amount in case of the death of the insured person. However, in case the insured stays alive till the term of the insurance term, nobody gets any money. So the term plan basically covers the pure risk of life and thus is very cheap as compared to any other life insurance product. Under this category, insurance companies have introduced many variants under which the payment on the death of the insured is staggered over a few years instead of the same being fully paid instantly on the death. It is advisable to opt for a lump sum if you feel your dependent can manage funds well after your death.

You can buy the term insurance online or offline through the help of an insurance advisor. Since no commission is payable in respect of the online term insurance product, the online plans are very cheap as compared to the offline variants. Sometimes the difference between the premium for an offline and online term plan is to the extent of 30%. Since no insurance advisor is involved in the sale process the dependents/nominees themselves have to go through all the hassles of the claim settlement process. So in case you are confident of your dependent being able to handle the claim without much difficulty opt for an online term plan.

Investment products: Under the second category come various investment cum-insurance products. These products can further be divided into two subcategories.

Endowment plans: This is the first category under which the beneficiary/nominee gets the sum assured with accrued bonus in case the insured person dies during the tenure of the insurance plan. In case the

insured person survives, he gets the sum assured with a bonus accrued if the policy is participating one. There are various variants under the endowments plans. Money-back is one of the variant of endowment plans. Under the money-back policies, the insured person gets a certain percentage of the sum assured at predefined intervals and the sum assured is paid to the beneficiary/nominee in case of death occurs during the tenure of the policy. In case the insured person survives the tenure the balance of the sum assured after deducting the amounts already paid with bonuses due, are paid to the insured person.

Whole life polices: This is the second category of life insurance cum investment products. Under this category, the money becomes payable only on the death of the person to the nominee/beneficiary and no money becomes payable before the death of the person. So this product is similar to the term product as far as for the person who gets the money on the death of the insured person. Since term plans have fixed tenure so the money becomes payable only if the death occurs during the predefined tenure but in case of whole life policies the money will eventually become payable after the death of the insured as and when it happens.

The premium paying term for all these products may not necessarily extend for the whole tenure of the policy. The premium may be payable upfront by way of single premium policy or it may have premium paying term periodically like monthly, quarterly and yearly. The premium paying term may be co-terminus with the term of the policy or it may have limited premium paying term.

Why you should not invest in the life insurance products

Buying life insurance products for investment is an oxymoron. In case you buy a life insurance product for investment, you neither get enough of insurance nor adequate returns on your investments. Since the investment products of life insurance companies have a very high premium as compared to the premium payable on term plans the sum assured is far lower than what you would have got with the same premium under a term plan. Since no one has unlimited recourses, one should use the same optimally to get maximum life insurance needed. Secondly, due to various costs involved, the investment cum insurance products fetch you very low return, far lower than on pure investment products.

Why guaranteed returns products/money-back products do not make sense as investment products?

The life insurance companies offer various products where you are offered guaranteed returns to entice you into buying it. Generally guaranteed returns offered by the insurance companies are even lower than what you get from the safest pure debt products like government securities. As a significant investment by insurance companies is made in debt products, the returns generated by insurance companies are generally dependent on the interest rate cycle in the economy. The guarantee is generally offered in terms of absolute amounts or as a certain percentage of the sum assured without giving you the details as to what CAGR (Compounded Annual Growth Rate) your contributions will fetch. So in the absence of the CAGR, you cannot figure out as to whether the returns guaranteed on such products are comparable to the returns generated by other pure investment products.

Let us take the case of money-back policies.

In case of money back policies, the insurer offers you to pay a certain sum of money at periodic intervals. The person selling the money-back policy gives the logic that the regular stream of money received under these policies will serve as regular income for the person. As an average person does not know how to calculate the return on such insurance policies, he is unable to judge whether the product is worth a buy or not. Generally, the returns generated on with-profits policies historically, except the unit-linked insurance policies (ULIP), is not more than 5-6%. Even in the case of ULIP products due to various charges including the mortality charges, the returns generated are no comparison with other pure investment products. We will discuss ULIP products some other day in detail. In some of the cases, the returns on such policies are even lower than the interest on savings bank accounts.

One more product in this guaranteed return category is annuity plans. Annuities are not risk products per se. The annuities can be simply explained as reverse of the life insurance policies where you pay a lump sum to the insurance company at the beginning and the insurance company agrees to pay you a

fixed sum of money either for a fixed period or for the whole life with or without an option to receive the principal amount back on death. These products also do not give the returns which you can get from other pure investment products. The annuities generally do not offer you more than 6% returns which are inadequate looking at the inflation rate and returns generated by other products.

So to sum up, buy life insurance if you have any person financially dependent, buy a term plan preferably online term plan equal to at least 12-15 times your annual income.

(The writer is Balwant Jain.)

TOP

Source

Cabinet may ease FDI norms in single-brand retail, insurance today - Business Standard – 28th August 2019

The government is likely to further ease foreign direct investment (FDI) norms, with the Cabinet on Wednesday expected to give its approval to relaxed norms in single-brand retail trade and insurance sectors.

In the Budget, the government had made clear its intent to further relax FDI norms in several sectors.

Earlier this year, Commerce and Industry Minister Piyush Goyal had said that the government was exploring ways to allow foreign investors in single-brand retail to meet their 30 per cent mandatory local sourcing requirement through other ways.

This includes counting the sourcing they do in India for exporters to other markets as part of the 30 per cent norm, apart from the goods they sell in their stores in the country. Currently, 100 per cent investment is allowed in the sector under the automatic route.

But the current rules stipulate that products should be sold under the same brand internationally, meaning products should be sold under the same brand in one or more countries other than India. Single-brand product retail trading also only covers products branded during manufacturing.

The procurement requirement has been opposed by major foreign retailers. Apart from the easier norms, the Department for Promotion of Industry and Internal Trade, the nodal body for investment-related policy, may also now count local sourcing in phases. For instance, it may be counted as an average of five years, the total value of the goods purchased, after which, it needs to be met on an annual basis, persons in the know said.

In the Budget, Finance Minister Nirmala Sitharaman had also signalled that FDI reforms in aviation as well as multimedia sectors like animation, gaming, digital media, and information utilities, may be taken up. Sources say the insurance sector could be opened up to 74 per cent FDI under the approval route to bring parity with the banking sector, according to proposals under consideration. However, officials say the current 49 per cent foreign investment limit through the automatic route in insurance is likely to be maintained.

For insurance intermediaries like brokers, insurance repositories, and third-party administrators, 100 per cent FDI may be permitted. Announcements in the contract manufacturing sector are also expected. In the existing foreign investment policy, 100 per cent FDI is permitted in the manufacturing sector under the automatic route. A manufacturer is also allowed to sell products manufactured in India through wholesale and retail channels, including through e-commerce, without the government's approval.

But the current policy does not talk about contract manufacturing separately and the lack of a clear definition in the current policy is an area the government is aiming to rectify, sources said. This comes in the wake of FDI equity inflows declining for the first time in six years in 2018-19, down 1 per cent to $44.4 billion, from $44.8 billion in the previous fiscal year.

(The writer is Subhayan Chakraborty.)

TOP

Source

Consumer panel pulls up insurance firm, orders payment in 2006 case - Hindustan Times – 27th August 2019

The State Consumer Disputes Redressal Commission came down heavily on insurance companies for dragging cases and not clearing insurance claims since 2007. It has requested Insurance Regulatory and Development Authority (IRDA) to develop a mechanism to check the abuse of process of law by insurance companies.

The commission was hearing an appeal filed by a doctor after a complaint was filed over medical expenses. The complainant, Jaswanti ben Kothari, died while the case was pending. The commission directed the insurance firm to clear the claim.

Kothari underwent a knee replacement surgery in Bombay Hospital in August 2006. After the operation, Kothari approached the insurance company to claim her medical expenses of ₹95,095. The insurance company sanctioned only ₹43,287 for surgery. It rejected the claim of ₹50,000 for use of computer-aided surgery, body exhaust suits and jigs, which was separately charged by the doctor. Kothari approached the District Consumer Disputes Redressal Forum against the insurance company, hospital and doctor. The forum asked all parties to jointly pay for her medical expenses. The doctor, however, approached the commission.

During the hearing of the doctor's appeal, the insurance company contested the claim and claimed that they are not liable for the separate bill. The complainant's family argued that prior to operation, the company had assured them payment up to ₹1.5 lakh for the treatment. The firm claimed the bill was inflated.

The commission said the case is an abuse of process of law available to common consumers and the insurance firm and its third party agent (TPA) are guilty of deficiency in service. The commission exonerated doctor and hospital for payment. The insurance firm and TPA have been asked to pay 12% interest from 2007 within 30 days and ₹50,000 compensation to the family.

(The writer is Charul Shah.)

TOP

Source

Series A funding gets tougher for insurance technology firms – Moneycontrol – 26th August 2019

The first major round of funding, also called Series A funding, is getting increasingly difficult for insurance-technology firms. Both company and investor sources told Moneycontrol that given the current economic situation, funding has been very selective.

"Till about a quarter ago, investors were ready to fund even companies with just short-term business plans. Now, that is no longer the case," said the chief executive of a company working in the InsurTech space.

Due to this, at least seven funding proposals are currently pending at consulting firms. Here, the private and angel investors not only want a five to six-year horizon of business plans but also want clarity on the next two to three phases of growth of the venture.

For the companies, with funding drying up, all expansion plans have been put on the back-burner. In the near future, there could also be forced to diversify into other business segments. For instance, an AI-linked insurance sales platform is now looking at selling mutual funds and simple bank loans.

"We are in talks to raise funds for the past six months. While we are close to finalising a few such arrangements, the investors backed out saying that there is no clear differentiation between us and a few others. Also, the business-related conditions that were placed on the table were not acceptable to us," said the chief executive of a mid-sized InsurTech firm.

This firm was told to ensure that they turn profitable in 16-18 months or begin offering home loans and travel tickets as well. Even those entities that have raised funds in the past are finding it difficult to raise additional funding rounds. The co-founder of an insurance distribution portal using technology said existing investors have also expressed their inability to provide more funds.

Being a capital-intensive business, insurance (especially InsurTech) sector firms that are new in the sector require funding every 10-12 months. With a lag in the supply-demand gap, business strategies are also getting postponed. However, industry sources said the situation is likely to continue until January 2020. This gives the struggling firms an opportunity to either pivot to other businesses or strike a deal to be acquired by an insurance company.

(The writer is M Saraswathy.)

TOP

Source

Not satisfied with grievance redressal mechanism of your insurer, bank? Here's how to lodge a complaint with different ombudsmen – Financial Express – 26th August 2019

Did you know that you can lodge a complaint if you are not satisfied with the grievance redressal mechanism of either your insurer or bank? You can take it up with the relevant ombudsman. Other than that, even for property related issues, under the purview of the real estate Act, you can approach the Real Estate Regulatory Authority.

The Reserve Bank of India also keeps revising the Banking Ombudsman Scheme to help customer complaints on new areas, such as credit card complaints, deficiencies in providing the promised services, banks levying service charges without prior notice to the customer, and non-adherence to the fair practices code as adopted by individual banks. Hence, if are not satisfied with any services, be it your bank, your insurer, or relating to real estate, through the grievance redressal process you can lodge a complaint.

Find out how you can file a complaint with a different ombudsman;

Insurance Ombudsman

- You need to first get in touch with your insurer, with your complaint. The ombudsman will not accept your complaint if you have not approached your insurer first.
- Hence, do not approach ombudsman offices directly.

- While filing the complaint, it should be in writing along with supporting documents.
- in the case where the insurer fails to respond within the given time period or the response is unsatisfactory, you can escalate the complaint to the ombudsman, through Irdai's integrated grievance management system.
- You can visit the ombudsman office under whose jurisdiction your case falls.
- However, if you are still not satisfied with the ombudsman, you can approach consumer courts.

Banking Ombudsman

- You need to first file a complaint with your own bank before you approach the banking ombudsman offices (BO).
- After approaching the bank, allow them a period of 30 days to respond.
- In case the bank does not respond or even fails to meet your expectations, you can approach the banking ombudsman office under whose bound your case falls.
- You can also do that through online, by visiting cms.rbi.org.in.
- You should not delay escalation your complaint beyond a year of having received the bank's response. Or a year and a month of having filed the complaint
- After downloading the complaint form available on the Banking Ombudsman portal (https://bankingombudsman.rbi.org.in), you can file a written complaint, along with relevant documents.
- To register your grievance online you can visit the RBI banking ombudsman website (https://secweb. rbi.org.in/BO/precompltindex.htm)
- The BO after evaluating your request will either facilitate a settlement through conciliation or pass an award.
- If ombudsman fails to meet expectations, you can approach the consumer courts with your complaint

Real Estate Regulatory Authority (RERA)

- To register as a complainant, you need to log on to the RERA authority's website
- Then provide your details like email ID and mobile number
- Under the 'Accounts' tab click on 'My Profile' and enter the details asked for
- Further, click on 'Complaint Details' tab and then choose 'Add New Complaints'
- You then need to provide details such as the project's registration numbers, and the respondent's antecedents
- You also need to upload the relevant project-related documents and share true facts of your case
- Also, specify the nature of relief you are looking for, for instance, explain the grounds and the relevant legal provisions
- Then you need to pay the requisite fees online
- After a RERA adjudicating officer reviews your case, they will issue an order
- If you are still dissatisfied, within 60 days from receipt of the order, you can then approach the appellate tribunal

(The writer is Priyadarshini Maji.)

TOP

Source

How to buy insurance policy online – Mint – 24th August 2019

With technology, you can buy all your insurance cover online. But you should be able to buy the one that is the right fit for your needs. If you are planning to buy a home insurance coveryou need to check the premium and the coverage. You also need to evaluate the claim settlement ratio and inclusions such as fire, earthquake and burglary. Exclusions are the key parameters such as loss of cash or damage due to war or electronic equipment.

Compare features, prices

If you are buying a travel insurance policy, the trip delay coverage duration could vary from 6 hours to 12 hours. In case of deductible the amount can differ across products even if the sum assured remains the same. Some portals may not give you the full cost of the product up front. Hence, when you are comparing the cost, recheck the charges at check out. You can also ask the company to send you a detailed break-up of features to compare your buy.

The process

Once you have decided to buy the policy, you will have to provide details about yourself. If you have a pre-existing disease and you have been asked about it, you should mention it upfront. In case of travel insurance, give your correct passport number and travel dates. Once you have made the payment, you will get your insurance policy on your email. Keep you policy handy with you so that it is accessible whenever you need it.

TOP

Source

INSURANCE REGULATION

IRDAI panel to review third-party motor insurance - The New Indian Express – 30th August 2019

The Insurance Regulatory and Development Authority of India (Irdai) has constituted a working committee that will review the motor third party obligation regulations for insurers and give recommendations in three months to modify the current framework.

The committee constituted by the IRDAI will be headed by J Anita, General Manager, Irdai.

The other members of the committee include Basudev Sanyal, Chief Manager, United India Insurance, K B Mehra, Chief Manager, National Insurance, Loknath Kar from ICICI Lombard, and others. A Srihari, IRDAI non-life member, is also a part of the committee.

As per the Insurance Act, every general insurer has to underwrite a minimum percentage of insurance business in third party risks of motor vehicles. In June 2015, the insurance regulator had specified a formula for calculating motor third party obligations for insurers. But later on the Industry felt that the formula was not correct.

TOP

Source

Irdai comes out with sandbox rules – Financial Express – 24th August 2019

The Insurance Regulatory and Development Authority of India (Irdai) announced guidelines on operational issues pertaining to regulatory sandbox. This move will allow insurance companies to test products in particular geography or among set of few policyholders before they are available in the market. Market participants say that, going forward, there might be new products launched specially for the retail segments.

The guidelines show that every applicant shall demonstrate to the Irdai that the proposal for innovation will help increase insurance penetration or provide enhanced services to the policyholders. The proposal shall not be made merely for the sake of seeking a regulatory relaxation but shall be a genuine innovation. "It gives a wonderful opportunity not only to insurance companies but to the insurance intermediaries to come and experiment as to what that innovative idea is, where you can bring in the efficiency and innovation to test out whether it is going to be an idea which is going to bear fruits and it could result into something which is negative," said Randip Singh, chief general manager and head-intermediaries at Irdai. He was talking at CII Insurance and Pensions Summit on Friday.

Insurance regulator in its guidelines said that an application for innovation in insurance involving underwriting or product category or both shall be filed by any applicant in association with any insurer. An application involving an activity other than underwriting or product category may be filed individually or jointly by any applicant. "Expenses incurred on the proposal shall be maintained separately and shown as a line item in the annual report. In case of insurers, such expenses shall be charged to the shareholders' accounts or its equivalent," said Irdai in its guidelines.

"The best part of the whole process is that you are able to experiment, you can approve or disapprove a certain hypothesis. It is a learning for the regulator as well. If there are certain challenges or difficulties as far as regulation is concerned, it forces us to think whether the regulation needs to be modified," added Singh.

For the sandbox, an applicant should have a net worth of Rs 10 lakh and a proven financial record of at least one year. Officials in the insurance industry say that this announcement would give some relief to several insurers as many times regulator takes months to clear the new products. With the sandbox technology, we can launch the testing product whenever we need it.

TOP

Source

LIFE INSURANCE

Is Suicide Covered Under Life Insurance Policy In India? - Good returns – 28th August 2019

Multiple data sources show that India's suicide rate is among the highest in the world. When a member of a family dies, it sometimes leaves the dependents financially crippled. It is an unexpected event for the family. An insurer usually gets his/her life insured to protect his/her from the difficult consequences of a loss of income. However, does the life insurance policy cover death by suicide?

Suicide is usually not an unexpected or unplanned event on part of the insurer. Whether or not that argument comes in the way of issuing the sum assured to the nominee depends on the policy terms. Generally, life insurance policies do cover suicide if the cover was purchased over 12 months before the death. These include traditional (endowment) as well as term life insurance policies and ULIPs.

Following are the usual policy norms in India, however, like any important financial document, read it carefully before signing, to as to see if there is a clause that excludes suicide coverage.

Also, note that if you have already purchased the life insurance policy, you have 15 days time to cancel the policy. As per the instructions of the Insurance Regulatory and Development Authority of India (IRDAI), all the life insurance companies in India have to provide their customers with a "free-look

period" to consumers, that is generally 15 days, so that they can thoroughly read the terms and conditions in the policy papers and decide if they wish to go for it.

The terms followed earlier

On life insurance policies issued before 1 January 2014, there was a suicide clause that if the person insured (policyholder) commits suicide within a year of the commencement of the policy, whether or not the person was sane at the time, the policy will automatically be treated as void and no claim shall be paid to the nominees. Note that such a clause can exist in policies issued now as well. Further, the time bracket maybe 2 years for certain insurance companies.

Changed terms

For policies issued after 1 January 2014, terms were changed to include the type of insurance policy held. In case of market-linked life insurance policies like ULIP, the policyholder's is entitled to receive 100 percent of the policy fund value on committing suicide within 12 months from the purchase of the policy.

In case of traditional insurance, if the policyholder commits suicide before 12 months, the nominee shall be entitled to at least 80 percent of the premiums paid, provided the policy is in force.

Why is suicide only covered after one year?

Suicide is a moral hazard risk to the insurance company. To avoid insurance fraud, these are not covered in some life insurance policies. There could be chances where the policyholder is in deep debt and buys a life insurance policy to pay them off with the sum assured. It is assumed that the 12 months will be enough for such a person to be out of that mindset.

However, the suicide coverage is provided after a period of 1 year, to cover the emotional or debt distress that the dependents of the insured could face after the death of the policy holder. As the primary reason to opt for life insurance is to keep the dependents' lives financially secure after their family member dies, providing the cover will help provide them with some support.

If a loan was taken against the policy

Suppose a home loan was taken against the life insurance policy (where the sum assured is greater than the home loan), the interest to be paid on the loan to the bank (which will be third-party in the case) is covered. The policy has to be active for at least 12 months and the death has to take place within the policy term.

Important Note: Suicide is a cowardly act. One can seek help from multiple options available today to deal with suicidal thoughts. Additionally, suicide insurance claims are scrutinized before paying the sum assured to the nominees. Claims made by the nominee will be rejected if the policyholder had intentionally concealed material facts (like debt) from the insurer. Further, the chances of claim rejection are high, so it is not the solution to anyone's debt problems.

(The writer is Olga Robert.)

TOP

Source

Have you been mis-sold an insurance policy and paying higher premium? Now you are entitled for this benefit – Financial Express – 28th August 2019

A few weeks back IRDAI (Insurance Regulatory and Development Authority of India) issued a notification on new regulations for both ULIPs (unit-linked insurance plans) and traditional insurance policies. The new product regulation has made several changes to both linked and non-linked products. The regulation has provided policyholders with better propositions in terms of enhanced surrender value for non-linked products, among others. Also, policyholders who have been mis-sold a policy and are paying a high premium every year, according to the new regulations, they can decrease their premium up to 50 per cent for reduced benefit after the 5th year.

AalokBhan, Director and CMO, Max Life Insurance says, "This is a welcome move which shall provide enhanced flexibility to the policyholders and allow them to manage this risk and inconsistent portfolio in a better way."

The regulator has also reduced the minimum sum assured requirement for policyholders of all ages to 7 times the annual premium and have increased revival period from 2 years to 3 years for linked and 5 years for non-linked business.

For the linked business, in case of non-payment of the premium post the expiry of the lock-in period, up to the revival period, policies will be treated as paid up.

The changes that have been brought to enhance flexibility for customers include;

- Now policyholder's has the option to reduce the premium by up to 50 per cent after 5 years,
- Can make partial withdrawals for linked pension products,
- The minimum sum assured on new ULIPs will be less than 10 times the premium
- Increase in the commutation amount of matured pension amount from 33 per cent to 60 per cent,
- Settlement options on maturity/death in ULIPs, along with the flexibility to switch amongst funds during the settlement period
- Open market option for purchasing an annuity, up to 50 per cent of the investable corpus

How does the reduction in life cover impact policyholders?

Generally, it is mandated for insurance companies to offer sum assured 10 times the of premium on ULIPs, however recently, the ULIP Regulations, 2019, has brought it down to a cover of 7 times the premium. Hence, if you opt for ULIPs for good returns from the equity market you will have to watch out for life insurance cover.

Even though insurers can choose to offer a higher sum assured to the policyholder, but it is not mandatory, now only 7 times the premium is mandated. With this move of reducing the sum assured on ULIPs, experts suggest policyholders can fall short of life insurance cover. Policyholders might need to consider further enhancing risk protection through another policy. However, with these changes, the returns on your investment in the ULIPs can also go up. Mortality charge based on the sum assured in a policy, which is deducted from the premium that is invested, will reduce.

Also, note that the tax benefit will be applicable only if the sum assured is at least 10 times the premium. Policy's with sum assured 7 times, will have to pay tax on the maturity amount. In the case of single premium ULIP, according to the new regulation, the minimum coverage will be 1.25 times the premium.

(The writer is PriyadarshiniMaji.)

TOP

Source

How Smoking Affects Your Insurance Premium? - The Economic Times – 27th August 2019

Everyone knows that smoking cigarette is injurious to health and every smoker reads it on a cigarette pack, but there are hardly a few who take the effort to try and quit smoking. It affects your health severely and also hampers your wealth growth. Buying a pack of cigarette may not seem to be a costly thing but over the years the amount becomes quite huge. Moreover, medical inflation is running in double digits and health care is getting more expensive by each passing day.

Smoking is a major cause of many life-threatening diseases like lung & throat cancer, COPD, heart ailments, strokes, peptic ulcer, etc. Getting treatment for such life-threatening diseases could dig a big hole in your pocket.

And it's not just health or the medical treatment cost, smoking also affects your insurance premium.

Let's understand Smoking and Life Insurance Premium:
Life Insurance policies provide life cover to the life assured for a specific period against the promise ofpremium payment. Term insurance policy is pure life risk coverage policy, which is often opted to provide a financial shield to the dependents in case of the life assured's untimely death.

Due to increasing awareness, the low premium for a high sum assured provided in term plans, and the convenience of buying insurance online, customers are showing a lot of interest. Furthermore, buying insurance online cuts down on many operational and administration costs for insurance companies, which further decreases the insurance premium. All these factors have created a huge demand for term plans.

Life Insurance companies consider the following key parameters such as age, gender, lifestyle, job profile, etc. for the premium calculation. Here, lifestyle includes whether the applicant smokes or not. As smokers are more prone to life-threatening diseases, possibly premature death, or being diagnosed from a critical illness, insurance companies consider that they are more likely to claim insurance. Consequentially, smokers are quoted with high premiums as compared to non-smokers. A recent study has shown that life insurance companies have received claims from the nominee of smokers than non-smokers working in a high-risk job. Smoking has proven to be detrimental to health and longevity than the highest risk job profiles.

Impact of smoking on Term Insurance Policy:
A plain vanilla term insurance for 25 years old non-smoker person with a sum assured of Rs.1 crore for a tenure of 40 years would cost anywhere in between Rs. 5,000 to Rs. 9,000 per year.

For non-smokers:

Gender (25 years old)	Premium Range
Male	Rs. 6,000 – Rs. 9,000
Female	Rs. 5,000 – Rs. 8,000

However, the premium would be higher for a person who smokes or chews tobacco.

For smokers:

Gender (25 years old)	Premium Range
Male	Rs. 9,000 – Rs. 13,000
Female	Rs. 7,000 – Rs. 12,000

While filling up the proposal form, insurance companies will ask you questions about whether or not you smoke/chew tobacco products. And in the proposal form, you are asked about the frequency of usage of tobacco products. This helps underwriters to understand the lifestyle a person lives, according to which they decide to issue the policy, charge more premiums or decline the proposal.

Note: All prices are indicative, may vary from insurer to insurer.

No matter what, don't withhold or hide information
If an insured holds back information and is revealed to the insurance company later, an insurance company could consider that as a fraud or scam, in which case the policy would be considered as invalid. Thus, in such a case, claims made under the policy won't be accepted.

Instead, do this: Get a healthier lifestyle, pay a lower life insurance premium.

If a proposer who was a smoker and doesn't smoke anymore, they can avail non-smoker life insurance quotes from insurance companies. However, there is a criterion that the person who has not used tobacco products in the last 1-3 years and the same is mentioned in the proposal form could avail non-smoker premium. Furthermore, insurers assume that such prospects won't go back to start using tobacco again.

Or, one can discontinue the active plan and opt for another by declaring as non-smoker only if hasn't smoked in last 1-3 years (The clause varies from insurer to insurer).

Here's what smokers can do to get an affordable life insurance premium

- Seek experts' advice
- Quit smoking
- Look for companies who consider a smoker as a non-smoker who has not used tobacco or any tobacco products in 1-2 years instead of 3 years.

Smoker or non-smoker, having a term plan is a good way to secure your family financially in your absence. Don't let smoking habit abstain you from buying life insurance.

(The writer is Rakesh Goyal, Director, Probus Insurance Brokers Pvt. Ltd.)

TOP

Source

Here's why it's (super) smart for women to invest in term insurance - The Indian Wire – 27th August 2019

In today's day and age, the four walls of the house cannot decide the limits of women. Women are strong and independent today, competing with men in every aspect of life. Thus, it becomes imperative that women should take steps to secure themselves against life's uncertainties, physically, emotionally, and financially.

Purchasing an **online term insurance** plan is the first step that women should take to achieve financial security. In many Indian households, women share their family's responsibilities and weigh-in financially to help with the lifestyle expenses of the home.

Thus, in the absence of their income, their family may have to face a significant financial downturn. In short, it is highly recommendable that working women should secure their life's value with online **term insurance.**

Online term plans from reputable insurers such as Max Life Insurance not only help support the insured women but also act as a financial safety net to their children and other dependents. In case, the insured woman is the sole earner of the family; these plans can be a blessing.

Stay-At-Home Moms Need Protection Too
The loss of a family member, especially the homemaker, is irreplaceable. Whether a woman chooses to pursue a professional career or prefer their family over career, they deserve to have some form of financial security, and so do you.

Stay-at-home mothers have a lot riding on them – they take care of multiple jobs such as laundry, cleaning, cooking, and childcare. In their absence, had there been a hired help to take care of these odd jobs, the family would have to pay the help for their services. On the other hand, homemakers continue to do their jobs without getting any remuneration for their efforts. However, families must recognize the human-life value of stay-at-home mothers and protect them with an appropriate term insurance cover.

How Much Would A Term Insurance Cost?

The premium payable towards an online term insurance plan primarily depends upon your age, the cover amount you chose, and the policy tenure you have selected for your policy. For example, purchasing an **online term insurance** plan cover of Rs. Fifty lakhs for a female working professional of age 30 for a period of 30 years, would cost approximately up to Rs.3,894 annually. In other words, if you see the amount spent on **online term insurance** daily, it comes between Rs. 10 to Rs. 15, which is insignificant compared to the substantial financial security and stress-free lifestyle that the plan provides to the policy.

To make sure that you have the term insurance plan that aligns with your requirements, consider the below mentioned points:

- Perform **online term insurance comparison** to select a plan that offers benefits specific towards the female clientele
- Choose an insurer with a high claim settlement ratio

Why Women Must Buy Life Insurance

The biggest reason a woman must buy online term insurance is that she has a definite human life value (HLV) in their household. A century ago, the contribution of women wasn't worth considered valuable enough for ensuring. In today's time; however, both working women and stay-at-home mothers have been proven to have a significant emotional and financial contribution to their family.

In a nutshell, online term insurance policies have empowered women and have made them independent in numerous ways. Following are the significant ways in which an insurance plan comes to the rescue of women –

1. **Provide Financial Security for Family**

A major benefit of online term insurance is long-term financial security. Disciplined investments into a term plan over time can help women secure their family's financial future. The lump sum amount received under the plan may then be used to supplement major life goals such as higher education of children and their marriage. Also, this amount can be of great help in case of an emergency.

2. **Protection of Human Life Value of Stay-At-Home Mothers**

As a homemaker, women play different roles in their family. They fulfill a varied set of duties towards their parents, in-laws, spouse, and children. Having term insurance can help homemakers contribute to their family's financial stability, even when they are not there with them.

Additional Benefits of Online Term Insurance for Women

- **Critical Illness Cover**

Insurance companies providing online term insurance in India provide the option of critical illness coverage. If the insured female is diagnosed with any critical illness from the pre-determined list of diseases, they are entitled to receive a lump sum benefit, which in turn, helps them opt for the best treatment possible without thinking about the expenses.

- **Retirement Planning**

As a pure form of life insurance, term plans do not offer any maturity benefits. With the introduction of online term insurance plans with TROP (return of premium)benefit; however, these plans now refund the entire amount of annualized premium invested towards the plan. As a result, these plans can also be viewed as retirement instruments, where the insured receives a lump sum amount on surviving the policy tenure. In turn, this amount would help in meeting medical expenses and other costs of post-

retirement life. Women, therefore, should surely invest in a term insurance policy to secure their later life.

- **Term Insurance Is a Crucial Investment for Women Nowadays**

Purchasing an online term insurance plan can provide women with the appropriate financial security from critical illness treatment expenses, accidental disabilities, and other contingencies of life. Term plans are a reasonable investment, especially if you purchase them at a young age.

Nowadays, while smart term plans also offer maturity benefits (premium return benefit), they provide your family with much-needed financial security in case of a crisis, such as the demise of the insured person. With the lump sum amount received, the family can repay their liabilities and support important goals, while dealing with the bereavement of their beloved.

(The writer is sounak Mitra.)

TOP

Source

Will a lower cover mean higher returns from insurance plans? – Mint – 27th August 2019

The new product regulation for life insurance policies has reduced the minimum sum assured requirement from a minimum of 10 times the annual premium to seven times the annual premium. While this makes the minimum life insurance cover more uniform across age groups, it raises some concerns. The reduction in life insurance cover may translate into better returns for investment-linked products, but it could be counterproductive given that these policies won't enjoy tax benefits if the sum assured is not at least 10 times the annual premium. Disha Sanghvi asks experts how the new rules help

Limited uptake, impact likely, especially on those under 45

—R.M. Vishakha, managing director and chief executive officer, India First Life Insurance

The recently introduced product guidelines are very customer friendly, largely improving flexibility and continuity options.

Reducing the minimum cover required under a savings product to seven times the annual premium versus 10 times earlier is interesting. It may be noted that this was the case for customers of age 45 and above even under the previous guideline. So the change is only for customers under age 45. The only reason for a customer to opt for this will be not having a high mortality charge eat into their investment portion at an older age. But it has not been a popular choice among customers above age 45 even now.

Further, insurance is a tax-efficient and long-term risk management tool that helps one save in a disciplined manner while enjoying a certain risk cover. Lowering the coverage makes the maturity proceeds taxable and hence the option less attractive.

Hence, I see this option having limited uptake and impact, especially on customers under age 45.

This change by itself won't lead to instances of underinsurance

—Tarun Chugh, managing director and chief executive officer, Bajaj Allianz Life Insurance

As the new regulation by the Insurance Regulatory and Development Authority of India (Irdai) prescribes only the minimum amount, customers can continue to choose the multiple as per their needs.

Customers get a wider choice and more flexibility to decide their life cover. For instance, a unit-linked insurance plan (Ulip) holder, who has insured him/herself sufficiently via existing insurance policies, will have the choice to take lower cover in new products compliant with the revised product regulations.

Additionally, 10 times annualized premium is required for tax exemption, as per the current income tax laws. Given this, customers will tend to take 10 times annualized premium, especially those who are looking for tax benefits.

So, the change by itself shouldn't lead to underinsurance. Yes, this can lead to better or higher returns. This will be the case, if the customer decides to take lower insurance cover based on his or her needs; the cost of life insurance cover will come down.

Concern over tax benefit on plans with low sum assured

—Kapil Mehta, co-founder, Secure Now Insurance Broker

I see the changes in minimum sum assured as a simplification of product structures that are easier to understand. Previously, sum assured levels differed by age. These have now been collapsed into a single, minimum prescribed rate. The changes should be viewed in entirety.

The lower sum assured should result in better returns because less mortality charges will be deducted. The impact will not be significant because the reduction is small.

There is significant underinsurance but the solution to that is in selling term insurance rather than investment-oriented products, which will not be able to bridge the protection gap cost effectively.

However, I am concerned about how the lower sum assured will be treated from a tax perspective. If products with a sum assured multiple of premium less than 10 but higher than the new minimum of seven are not provided tax benefits on premium payment and maturity, then that is likely to lower the overall returns.

Reducing cover in investment plan will bring down charges

—Mahavir Chopra, director of health, life and travel insurance, Coverfox.com

When you are buying an investment product, you should first evaluate if the plan is effective in helping you achieve your long-term (more than 10 years) goals within your risk appetite. One should, therefore, look at charges, fund allocation, ratings and past performance against the benchmark.

Investment products should not be bought with the primary purpose of building financial security for your family. The minimum 10 times or seven times cover on the premium amount should be looked at only as a supplementary insurance cover on your financial goal.

You should also keep in mind that a life insurance investment product with less than the stipulated cover will not be eligible for deduction under Section 80C. Hence if you have a secondary purpose of getting tax deduction, you must ensure that you take the minimum cover required for that. But reduction of cover in an investment plan will only help reduce charges and improve your long-term returns.

(The writer is Disha Sanghvi.)

TOP

Source

Planning to buy ULIPs? Follow these investment strategies to maximize gains - Financial Express – 26th August 2019

The premium may be allocated as per the investor's choice, according to the fixed portfolio strategy. Subsequently, either through online or offline the policyholder can choose to change the allocation pro-actively by making a switch.

Want to get your life covered as well as invest for your long-term financial goals? If yes, then Ulip can help you. In fact, Unit Linked Insurance Plans (Ulips) are one such investment instrument which suits investors who do not have the inclination to keep investment and insurance separate, but yet want to save for their long-term goals. Industry experts say investors who do not have financial discipline can opt for Ulips. However, if they also need to have an adequate life cover, then they should also opt for a pure term insurance plan.

Ulips generally offer several fund options across equity and debt asset classes, along with strategies to make optimum use of them. After deduction of initial charges, if any, the premiums paid are put into different asset classes or fund options. According to the fixed portfolio strategy, the premium may be allocated either in large-cap, mid-cap or small-cap equity fund.

It can also be allocated in the debt funds of aUlip as per the investor's choice. Subsequently, either through online or offline the policyholder can choose to change the allocation pro-actively by making a switch.

Find out the strategies offered by Ulips, for the benefit of the policyholder:

- **Automatic Transfer Strategy (ATS):** Automatic Transfer Strategy/Automatic Transfer Plan (ATP) in Ulips is similar to Systematic Transfer Plan (STP) in mutual funds. Under ATS, you can park the premium initially in the debt fund and then you can systematically transfer each month a certain fixed amount into any of the chosen equity funds.

  One of the advantages is that it not only helps in accumulating units at a lower cost through rupee-cost averaging, it also doesn't expose the entire premium to the stock market. While opting for aUlip plan, find out from your insurer whether the plan you are opting for offers it. This feature can be added both at the commencement of the policy or later on. Depending on some insurers, this feature can also be opted by logging in to the investor's account online.

- **Life Cycle based Portfolio Strategy:** To create an ideal balance between equity and debt, based on an individual's age, the Life Cycle based Portfolio Strategy is needed. Depending on the investor's age, the asset allocation in equity and debt funds keep changing. For instance, if you have opted for a fund at the age of 40, as you age, the allocation in equity funds automatically keeps coming down while allocation in less volatile debt funds keeps increasing. Investors who are not sure about the right asset allocation across funds should opt for this strategy.

- **Trigger Portfolio Strategy:** With the Trigger Portfolio Strategy, Ulip investors can take advantage of substantial market swings and invest in the 'buying low and selling high' principle. The premium, under this strategy, will initially be distributed between Income fund (a debt-oriented fund) and equity-oriented fund in a certain proportion, such as 70: 30 per cent.

- After which if the fund allocation gets altered due to market movements, the policyholder can re-balance the funds in the portfolio based on a pre-defined trigger event. Such as a 12 per cent increase or decrease in the NAV of the equity since the previous re-balancing will trigger the change in allocation.

- **Target Asset Allocation Strategy:** In determining the final return of an investor's portfolio, asset allocation plays an important role. Hence, it is important to allocate your premium between funds as per your goal horizon and risk appetite. Under the feature of Target Asset Allocation Strategy, policyholders need to give the mandate to allocate their premium in a fixed proportion between equity and debt to be maintained throughout the policy term.

  You can then maintain the allocation with quarterly re-balancing, once allocated. The re-balancing of units is normally done on the last day of each policy quarter. As a policyholder, you can either avail this option at the inception of the policy or at any time later during the policy term.

(The writer is Priyadarshini Maji.)

TOP

Source

Did you know life insurance rules have changed? - The Hindu Business Line – 26th August 2019

IRDAI (Insurance Regulatory and Development Authority of India) issued a notification on new regulations in ULIPs (unit linked insurance plans) and traditional insurance policies, a few weeks back. Of the several changes, the move to reduce the minimum sum assured (SA) in ULIPs and a guaranteed surrender value for traditional policies from the second year, are prominent.

Here is a detailed analysis of the new rules and their impact on those who buy life insurance.

Reduced life cover for ULIPs

If you are eyeing smart returns from the equity market and want to buy ULIPs in future, watch out for life insurance cover. While the mandate for insurance companies on ULIPs is to offer a minimum SA of 10 times the premium, currently, the ULIP Regulations, 2019, has brought it down to a cover of seven times the premium. Insurers can choose to offer a higher SA, but what is mandatory now is only seven times the premium. There are two implications of this move of reducing SA on ULIPs.

One, you may fall short of life insurance cover and may have to consider enhancing risk protection through another policy. Two, returns on your investment in the ULIPs can go up. This is because mortality charge, which is based on the SA under the policy and deducted from the premium that is invested, will reduce.

However, note that the taxman still holds onto the old rules. There will be tax benefits on the maturity amount of a ULIP for a policyholder under Section 10 (10D) of the Income-Tax Act, only if the SA is at least 10 times the premium. If your policy's SA is seven times, you will end up paying tax on the maturity amount. So, decide what you want — higher returns every year, or paying tax at the slab rate when the policy matures.

In the case of single premium ULIPs, the new regulation, however, has given a mandate for increasing the cover.

The minimum cover to be provided in ULIPs for single premium policies will henceforth be 1.25 times the premium. Under the old regulation, for policyholders who entered below 45 years, the minimum SA to be provided was 1.1 times the premium; the mandatory SA was 1.25 times only for those who were of age 45 years or above.

Surrender benefit

In traditional life insurance policies, though IRDAI didn't act upon the high commission rate (allowed to agents), it has brought about a few policyholder-friendly moves.

While until now, a guaranteed surrender value (GSV) on these policies was given only from the third year, with the IRDAI's Non-Linked Insurance Products Regulations, 2019, policyholders can receive the benefit right from the second year.

The GSV will be at least 30 per cent of the total premiums paid, minus survival benefits already paid (note, you still lose 70 per cent of the premium paid), if surrendered during the second year of the policy, and at least 35 per cent of the total premiums paid, minus the survival benefits paid, if surrendered during the third year of the policy. The GSV increases to a minimum of 90 per cent of the total premiums paid, if surrendered during the last two years of the policy.

The other move that will benefit policyholders is the change with respect to pension policies.

In case you buy a pension policy, you can commute (amount of money withdrawn as lump sum) a higher amount. While currently only one-third of the total sum can be commuted and the balance converted into an annuity, the new regulation permits individuals to commute up to 60 per cent of the maturity amount just like NPS (national pension system). Further, it allows you to invest at least 50 per cent of the amount in annuity schemes provided by other insurers. But the tax rules haven't changed here too. As per the existing IT rules, only one-third that is commuted will be exempted from tax. If you draw 60 per cent, half of it may be taxed. There is no clarity on this as yet, say tax experts.

Further, the minimum SA in traditional non-linked policies is also seven times the premium, irrespective of the age group (below 45 years or 45 years and above). While earlier, only a two-year period was given to revive a lapsed traditional policy, it can now be renewed in five years.

Now, there is also relief for policyholders who have been mis-sold a policy and who do not want to keep coughing up a high premium every year. The new regulations allow insurers to give an option to policyholders to decrease premium up to 50 per cent for reduced benefit after the fifth year.

(The writer is Rajalakshmi Nirmal.)

TOP

Source

Term plan premiums explained – Mint – 25th August 2019

Name of the insurer	Plan	Premium in ₹ as per age (yrs) of policyholder			Claim settled (%, FY17)
		30	35	40	
Edelweiss Tokio Life Insurance	mylife+ : term	8,496	10,042	12,827	97.78%
Bharti AXA Life Insurance	FlexiTerm	8,260	10,384	13,570	96.29%
Max Life Insurance	Online Term Plan Plus	8,378	10,384	13,334	95.26%
AEGON Life Insurance	iterm	7,497	9,512	12,717	94.56%
Life Insurance Corporation of India	e-Term	17,044	21,061	26,597	94.45%
Tata AIA Life Insurance	Life Insurance iRaksha Supreme	8,732	10,974	15,104	94.00%
Aviva Life Insurance	i Term Smart	7,886	9,662	12,409	92.25%
SBI Life Insurance	eShield	11,092	13,228	16,154	92.13%
Canara HSBC Oriental Bank of Comm. Life Ins.	iSelect Term Plan	7,379	8,849	11,464	92.03%
ICICI Prudential Life Insurance	iprotect smart	9,740	11,919	15,252	92.03%
Aditya Birla SunLife Insurance Co. Ltd.	Online Term Plan	9,522	11,516	14,578	90.51%
Exide Life Insurance	Elite Term	9,809	11,680	14,343	89.61%
IDBI Federal Life Insurance	iSurance FlexiTerm	9,251	11,257	14,089	89.39%
Kotak Mahindra Life Insurance	Kotak e-term Plan	8,968	11,092	14,986	88.88%
DHFL Pramerica Life Insurance Co. Ltd.	Flexi E-term	7,734	9,482	12,201	88.68%

Date of birth has been assumed to be 1 April in the respective year for each age group; Rates are for a male, non-smoker, Delhi-based; Claims information is for FY2017-18 for individual deaths as per Irdai's Annual Report; In ICICI Prudential and Bajaj Allianz, waiver of premium on disability is included; Sahara Life does not offer pure term plan

Source: SecureNow Insurance Broker Pvt Ltd

SANTOSH SHARMA/MINT

Source

Life Insurance is not about investing your money to earn a return on it, it's about financial protection for your loved ones. And the most efficient way to do that is through a term insurance policy. This policy does not invest your money which means you pay only for insurance and after the policy term ends you don't get any money back. But on death during the policy term, it pays a huge corpus to the nominees that can help them tide over any financial crunch and ensure their live are not thrown out of whack. A term plan is the only kind of life policy you need to have because it gives you a large cover for low cost. Read here to know more about term plans.

However keep in mind that buying a term plan also needs due diligence at your end when filling up the insurance policy form called as the proposal form. Read here to understand what determines your experience of buying a term insurance policy:

TOP

Protection at every step: Insurance - India Today – 23rd August 2019

Life insurance is a boon that helps an individual's family cope financially in case something happens to them, especially if they are the family's sole breadwinners. An adequate life cover not only helps with the day to day expenses of the family of the deceased, but also long-term goals such as education and marriage. The necessary insurance amount can change as a person's financial position, income, expenses, family structure and number of dependants change. "Looking at the life cycle of a human being, if one doesn't review the life insurance cover at various stages of life, one might find themselves under-insured, which could pose a challenge to their family when they are not around," says Rakesh Goyal, director, Probus Insurance Brokers. So, what are the various life stages when you should review your insurance position?

Single-minded aim

When you are single, your basic aim is to provide financial protection to your dependant parents to enable them to enjoy a stress-free retirement. One thumb rule to follow for ideal financial protection at this point is to buy an insurance cover that is at least 10-15 times your annual income.

Marriage

Marriage brings with it a whole set of fresh responsibilities. "After someone gets married, they need to have an adequate life cover to protect their spouse and family from the risk of premature death of the breadwinner," says Rachit Chawla, founder and CEO, Finway. If you choose to continue with the previous insurance for your parents, you could consider increasing it by at least five times your annual income. Else, you could take a new insurance cover of up to 10-15 times your annual income to protect your spouse.

Becoming a parent

With all the joy that children bring comes the responsibility of providing for them. "Insurance coverage needs to be reviewed again when you have kids. It is important to make sure that you will be able to take care of your kids financially," says Chawla. And with rising education costs, you have to ensure that the goal is realised even if something happens to you. To do so, you may need to increase your life cover again by five times your annual income for each child.

Building a house

It is quite common for people of a certain age to take on a home loan to put a roof over their family's heads. Such loans are huge and have long tenures-and a premature death can leave your family unable to pay it back and possibly lose the asset. "An increase in liabilities, like a home loan, serves as a trigger for higher insurance. If you don't review it, the sum assured could prove to be insufficient, and the life insurance plan would be of no use," says C.S. Sudheer, CEO and founder, IndianMoney.com. Therefore, it is important for you to raise your insurance cover by the same amount as your long-term liability.

As people progress in their careers, they also accumulate assets. Their families, therefore, do not need money for building such assets. Some assets, like financial investments and properties, also become a resource to fall back on. The higher the asset value, the lower your family's need for insurance. So, typically from the mid-40s onward, you may not need to increase your life cover as your asset creation can replace insurance, and you can continue with the existing coverage.

(The writer is Naveen Kumar.)

Source

TOP

GENERAL INSURANCE

Record insurance cover for Mumbai's richest Ganesh pandal - The Tribune – 28th August 2019

Mumbai's richest Ganesh pandal put up by the Goud Saraswat Brahmin (GSB) Seva Mandal at the King's Circle neighborhood has taken an insurance cover of a record Rs 266.65 crore this year.

The comprehensive cover includes the idol and the jewellery adorning it, the pandal itself, volunteers and workers and devotees over the five days the Ganesh idol is installed by the GSB Mandal, according to an office-bearer of the Mandal. Most contingencies including terror attacks and riots part from fire, burglary and accidents have been covered by the insurance policy issued by a PSU company.

The GSB Mandal is called Mumbai's richest Ganesh pandal because of the huge amounts of jewellery adorning the idol. Apart from 90 kg of gold jewellery, more than 300 kg of silver will also be used for its decoration, according to information provided by the Mandal to the local police.

The jewellery is kept in bank lockers and taken out during every Ganesh festival. The insurance policy is effective from the time the idol is installed till it is immersed and the gold jewellery replaced in the bank locker, according to a Mandal office-bearer. Last year, the GSB Mandal had taken an insurance cover for Rs 265 crores.

Expectedly security will be tight at the pandal. According to the King's Circle police, CCTV cameras installed both in and outside the pandal will be monitored regularly. In addition, private security agencies hired by the Mandal will be deploying drones equipped with cameras which will hover around devotees, employees and volunteers.

Despite the slowdown, the collection by this Mandal is only expected to increase. "We get maximum collections from pujas during the festival. Last year we conducted 66,000 pujas and this would go up by another 6,000 this year," says a trustee of the Mandal.

(The writer is Shiv Kumar.)

TOP

Source

Karnataka seeks insurance cover for commercial crops – The Times of India – 27th August 2019

Considering the enormity of damage caused by recent floods and landslides, the state cabinet on Monday resolved to prevail upon the Centre to bring coffee, spices, sugarcane and other cash crops under the insurance scheme.

“A delegation of ministers will go to New Delhi and convince the Centre to give insurance coverage for coffee, spices and sugarcane,” said minister JC Madhuswamy. He said the central team touring floodlit districts will be apprised about it at Tuesday’s meeting.

“As per the preliminary estimate, the loss is pegged at Rs 30,000 crore. As the assessment of agricultural loss calls for detailed verification, it takes time for final assessment. The central team will submit a report to the Centre recommending interim relief,” said minister BasavarajBommai.

The state government had implemented a scheme to grant Rs 50,000 to flood victims to set up temporary shelters and repair their houses. "Complete rebuilding of houses is the actual need. So, the government decided to grant Rs 5 lakh for reconstruction of houses," Madhuswamy added. Earlier, it was decided to grant ex-gratia to all victims.

Drought relief

Considering drought in parts of Karnataka, the cabinet decided to relax norms for digging bore wells; a panel led by a local MLA can decide on digging them and grant Rs 5 lakh. It also decided to set up a sub-committee headed by the CM to expedite cases pending in the Supreme Court on river water sharing with neighboring states.

Nod for BBMP budget

With only a month left for incumbent mayor Gangambike Mallikarjun's tenure to end, the BS Yediyurappa-led cabinet meeting approved the Rs 12,957 crore BBMP budget. Sources said the government, however, has directed BBMP to present a supplementary budget of Rs 1,309 crore, depending on its financial condition, to meet the target, failing which it can utilise the Rs 11,648 crore budgets by the end of March 2020.

TOP

Source

Soon, govt may re-introduce credit insurance scheme for jewellery exporters - Langdon Ledger – 25th August 2019

The government is planning to re-introduce the export credit guarantee (ECG) insurance scheme in a month to ease liquidity tightness in the gems and sector.

Speaking on the sidelines of the Banking Summit 2019, P N Prasad, deputy managing director, State Bank of India, said, the ECG insurance would be restarted in a month.

ECG insurance covers defaults by Indian exporters or overseas importers for lenders. Banks currently finance for both pre- and post-shipment of goods. These will also be covered under the Export Credit Guarantee Corporation (ECGC). The ECGC will guarantee lenders recovery of amount from borrowers.

Since the $2-billion Punjab National Bank scam was discovered last year, the entire gems and sector has faced a massive liquidity crunch, as banks have put it on a negative list. Proposals for new loans are being put on the backburner and provisioning and disbursement for existing customers have been cut extensively.

The global economic slowdown has also dampened overall sentiment, leading to a 15 per cent decline in exports for the sector in the April-June period. ECGC will help ease credit squeeze for gems and sector, said Prasad. The government discontinued ECGC benefit to the gems and jewellery sector six years ago because of cases of intentional default of payment against exported consignments.

"For ECGC to succeed, the number of claims should come down. In the last few years, number of claims has shot up sharply. So, the success of ECGC is a matter of concern," said V G Kannan, chief executive, Indian Banking Association (IBA).

Informed sources said the government has allotted ~1,000 crore for the entire exports-oriented sector. But, one jeweller has claimed default of ~10,000 crore, which raises questions over the credentials of the claimant and transparency in this sector.

Experts, however, have suggested putting an upward limit on the ECGC claim of ~100 crore to cover micro, small and medium enterprises sector also under this benefit scheme. Pramod Agrawal, chairman, Gems and Promotion Council (GJEPC), however, felt the need to increase limit of dollar finance which has squeezed due to depreciation of the rupee over the last few years.

"In this decade, the rupee has depreciated 75 per cent to trade currently at ~70. But, the overall banking exposure to the gems and jewellery sector has marginally increased to about $9.5 billion in 2019 versus $8.5 billion in 2009. This has squeezed overall credit availability for gems and jewellery sector. Credit availability, however, remains crucial to achieve $75 billion of export target by 2022 as envisaged by the Prime Minister Narendra Modi," said Agrawal.

Currently, India's overall gems and is valued at around $33 billion.

TOP

Source

General insurance penetration in India to get better: Tapan Singhel – Outlook – 25th August 2019

Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance, *is of the opinion that penetration of general insurance is all set to get better in the coming time, in a conversation with* **Nirmala Konjengbam**.

Life insurance is largely considered as the most important components of insurance — which is a process of transferring risk and securing yourself and family against any eventuality. But there's a lot many useful products that fall under the ambit of insurance other than life insurance, mainly general insurance.

All the tangible assets form an important part of our life and it's important to protect the economic value of such products. General insurance helps us do the same. Insurance contracts that do not fall under the life insurance category are branded general insurance. General insurance helps us cover for health, fire, motor accident and other non-life miscellaneous insurance schemes.

The insurance industry has witnessed a disappointing penetration rate in India. According to IRDAI's annual report, insurance penetration (premium as percentage of GDP) stood at 3.6 per cent in 2017 from 2.21 per cent in 2001. That is an increase of mere one percentage point. The share of general insurance in the rate of 3.69 stood at a mere 0.93.

General insurers have found it tough to penetrate within the vast Indian market. However, things seem to be changing.

Excerpts from interview:

1. What are the factors influencing penetration rate of general insurance in India?

I firmly believe that one of the most important factors that influences the penetration of general insurance is awareness about this important social security tool. One statement, which has intrigued me is that, has anyone ever gotten up to buy insurance? I have asked this to many people including the ones who work in the industry. Nobody told me that they got super excited someday in the morning to buy insurance irrespective of how good the products are and their reasonable prices.

I happened to meet a psychologist one day and in the series of our conversation, he gave me an interesting response to this dilemma. He told me that human brains are not wired to see risks and that's precisely why a person doesn't opt for insurance even if the product and offer is good. They think that the entire world around them may collapse, but nothing will happen to them.

This perspective and attitude towards insurance is what I feel that needs to be addressed. Moreover, I feel that there's a direct correlation between growth of the economy and penetration of insurance. People opt for insurance only after generating assets that they are worried about losing. With disposable incomes of individuals going up, insurance penetration is bound to increase. We as an economy are at the tipping point when it comes to making way for better general insurance penetration.

2. What are the ways to increase insurance penetration?
I feel that there are two ways through which the industry should work and we as a company have been working on to ease this challenge of perception and attitude towards insurance. Firstly, make the claim process so easy and convenient that the perception of insurers not willing to pay claim should disappear, which can bring about better understanding of insurance. Secondly, add value to your product in a way that a customer sees it as an adequate offering which provides solutions to what they are looking for. Fundamentally, if you address these two major problems, my belief is that the penetration of insurance would go up. Thus, fundamentally insurers have to look to solve customer worries.

3. Where do you see the general insurance industry in the next 3-5 years?
General insurance industry along with the economy is slated to grow. The world is evolving, customer behaviour and their expectations are changing and so are the risks that they face, which are becoming more complex and sophisticated with each passing day. Technology is playing a critical role in making insurance readily available across all possible platforms. It has enabled insurers to simplify their offerings and address queries of customers instantly. My belief is that, the pace in which digitization and data creation is happening, new business models will evolve which will better the customer experience and provide solutions which could not be thought of earlier. These are very exciting times and I'm happy to be a part of it and see how it unfolds.

(The writer is Nirmala Konjengbam.)

TOP

Source

To prevent frauds, general insurers keen to use Aadhaar for KYC of policyholders - The Hindu Business Line – 23rd August 2019

General insurance companies want to use the Aadhaar data of policyholders to build a KYC registry and track claims data to prevent fraud. Pointing out that they are the only industry that does not do KYC of customers, general insurers have asked the Insurance Regulatory and Development Authority of India (IRDAI) to allow them to use Aadhaar.

They are keen on building a CIBIL-like registry of claims to detect frauds and decide on the pricing for customers in segments such as health and motor insurance, based on the trends in their claims. Sources said the issue was discussed by the general insurers with IRDAI Chairman Subhash Chandra Khuntia on the sidelines of the CII Insurance and Pensions Summit.

At present, identity proof, or KYC of a policyholder, is only required at the time of claim settlement in the general insurance industry but not at the time of buying a policy. "When every financial product, be it life insurance or mutual fund requires KYC, then why is it not required for general insurance?

"KYC at the time of claim settlement only takes care of 30 per cent of all insurance sold," said Roopam Asthana, CEO and Whole-Time Director, Liberty General Insurance. But if a person owns three cars, with insurance from three different companies, there is no way for any of the insurers to know his claims trend for the other vehicles he owns. Most general insurers are understood to be on board with the proposal, and are understood to be willing to share the data as well.

It can either be done with a credit bureau like CIBIL, or with the Insurance Information Bureau of the IRDAI. The IRDAI is likely to take a decision after discussion with the Ministry of Finance on the issue.

General insurers contend that using Aadhaar as KYC will be possible with the passage of the Aadhaar and Other Laws (Amendment) Bill, 2019 by Parliament.

(The writer is Surabhi.)

Source

TOP

HEALTH INSURANCE

Cataract to be out of Ayushman Bharat - The Economic Times – 30th August 2019

The government has moved to change the shape of treatment offered under Ayushman Bharat, the Centre's health insurance scheme for poorest of the poor, which completes a year of its launch in September. The National Health Authority has decided to revamp cancer care, give choice of implants in major surgeries like knee replacement and remove cataract surgeries from the ambit of Ayushman Bharat.

An expert committee, headed by NitiAayog member Prof Vinod K Paul, constituted to review the cost of 1,300 medical packages under Ayushman Bharat, wrapped up its groundwork and gave a final shape to the new version of Ayushman Bharat on Tuesday evening. The committee also included the secretaries of health and health research and Ayushman Bharat CEO. The biggest task before the committee was to revise the medical packages which decided the amount the Centre reimbursed the hospitals for treating patients and Ayushman Bharat beneficiaries. This had been a long-standing demand of hospitals and medical practitioners since the scheme was launched in September 2018. The committee has decided to increase the rates of 200 packages and reduce the costs of 63 packages under Ayushman Bharat. A senior official involved in the process told ET, "There were many aberrations in the packages like the amount for left breast surgery and right breast surgery had aRs 2,000 difference. A surgery under cardio-thoracic package was more expensive than the same surgery done under general surgery package. These anomalies have been removed."

It has been decided to remove free cataract surgeries from the ambit of Ayushman Bharat. A source told ET, "Cataract surgeries will be dropped. We are unable to check fraud and abuse under this category. This has been a very popular surgery among Ayushman beneficiaries but we have realised it is impossible to check double dipping ––whether the government is financing the same individual's surgery under Ayushman Bharat and other health schemes. Other schemes do not have a robust IT platform to check beneficiaries. At the same time, cataract can be funded under National Blindness Prevention programme."

One of the biggest step has been the choice of implants that the beneficiaries would be able to make. So far, a private hospital was reimbursed a lump sum package amount for any implant surgery – like knee replacement (a very popular surgery under Ayushman Bharat). Now, the package would specify separately the cost of procedure (surgery) and cost of implant. This would help the patient in getting

good quality implants. “The tendency of hospitals was to put the cheapest possible implant. This differentiated cost structure would help in ensuring the quality of implants as the hospital would need to declare the cost of implant separately, “said the source.

(The writer is Nidhi Sharma.)

TOP

Source

Health insurance a must to combat the rise in lifestyle diseases – Mint – 29th August 2019

Lifestyle diseases are on a rise among Indians under the age of 45. According to a recent report by GOQii titled India Fit Report 2019, a California-based integrated preventive healthcare platform, cholesterol has increased by 40% overall and the rise is by 135% among individuals below 45 years of age. These numbers are comparable to the same report released by the platform last year.

The study reveals that diabetes has seen a spike by about 40% among individuals under 45 and blood pressure too has increased by 90% among people in the same age group. GOQii studied multiple parameters such as body mass index (BMI), sleep patterns, and stress levels of more than 7 lakh Indian users to compile this report.

Further, the report states that four out of ten Indians suffer from acute stress and one out of four have constant body aches and pains. The overweight population in the country has risen to 57% from 55% last year and Delhi tops the list with the most number of overweight individuals. Bengaluru, on the other hand, is the healthiest city according to the report.

Due to the sedentary lifestyle and unhealthy eating habits, lifestyle diseases seem to have found their way into every other Indian household. While you can do a lot in terms of keeping a check on your fitness and diet, you also need to prepare financially for any emergency. This is where having a substantial health insurance becomes important.

Get the right health cover

According to the study 20% of the population does not have a health cover of which 32.5% feel that it’s confusing to decode a health insurance policy while 14.3% believe that they are healthy and don’t need any insurance. Insurance policies are known to be complicated but when it comes to health insurance, these are some things you should keep in mind. There are various kinds of policies but experts say the first plan you must go for is a regular health insurance plan with adequate sum assured.“There is no replacement for a comprehensive health plan which comes with an indemnity cover," said Indraneel Chatterjee, co-founder and principal officer, RenewBuy.com. Once you have this in place, you can consider buying a critical illness plan which gives high coverage and isn’t restricted to one particular illness, unlike a disease-specific policy that covers only a particular condition. Critical illness policies cover 30-35 illnesses. You should consider buying disease-specific policies such as the cancer insurance if you have a family history. If not, it is better to go for a critical illness plan. Note that regular health plans cover diseases like cancer too. However, the advantage with an indemnity cancer plan is that OPD expenses are covered and a sum assured is set aside for cancer.

While picking a health insurance policy always look out for a higher no-claims bonus. “No-Claim Bonus (NCB) should be on the higher side so if you don’t make any claims for the year, you should be benefited. Preferably, the product should have 50% as NCB, which makes it more lucrative," said Chatterjee. Ensure that the insurer has a wide network of hospitals in its ambit for your convenience. Also, for a health policy to work best for you, make sure it doesn’t have a co-payment clause. Co-payment clause requires the insured to pay a part of the medical expenses on their own.

The kind of policy you need and the cover depends on your family's needs. It depends on the number of people in the family and their age. "A young family can do with a basic cover of ₹5 lakh while a family with older members should opt for a larger floater cover. Family floater premiums are linked to the age of the eldest family member. If the parents are over 50, it would be sensible to get a separate cover for them, and not include them in the floater plan," said Chatterjee.

(The writer is Disha Sanghvi.)

TOP

Source

Centre's Ayushman Bharat set to be launched in Rajasthan on Sept 1 - The Economic Times – 28th August 2019

The Rajasthan government will launch a new health insurance scheme, Ayushman Bharat-Mahatma Gandhi Rajasthan Swasthya Bima Yojna (AB-MGRSBY) from September 1 by merging Centre's Ayushman Bharat-Pradhan Mantri Jan Arogya Yojna (AB-PMJAY) and state's Bhamashah Swasthya Bima Yojna (BSBY). After the merger, 10 lakh more families will be added to beneficiary list of families.

The state government is adopting and implementing Centre's (AB-PMJAY, which will be called AB-MGRSBY and it will be replacing existing Bhamashah Swasthya Bima Yojna (BSBY) launched by BJP government on December 13, 2015. A meeting was held under chief minister Ashok Gehlot on Wednesday in which it was decided to implement AB-PMJAY by merging it with existing BSBY. Gehlot said that with the merger of AB-JAY and BSBY, the number of families getting benefits will be increased. He said that they were receiving complaints of irregularities in BSBY and these shortcomings will be removed in new scheme.

"AB-MGRSBY will be implemented in the state from September 1. With AB-PMJAY has been merged with BSBY, the number of families covered in BSBY will be increased from 1crore to 1.1 crore. There are 80% common beneficiaries of AB-PMJAY and BSBY. The rest of 20% families will be added to the new insurance scheme," said health minister Raghu Sharma.

Health department will carry out the activities related to the AB-MGRSBY through a dedicated portal of BSBY with new name may be AB-MGRSBY. The AB-MGRSBY portal is already prepared and operational by department of information technology (DoIT), says the request for proposal for selection of TPA for claim processing of beneficiary families of Ayushman Bharat in Rajasthan.

The AB-MGJAY will be implemented by the state health Assurance agency (SHAA), Jaipur.

(The writer is Syed Intishab Ali.)

TOP

Source

These seven facts may help you consider while porting health insurance policy – Financial Express – 28th August 2019

Health insurance portability lets you port or transfer credits you have accumulated for time-bound exclusions and pre-existing conditions seamlessly. You can opt for this facility when you want to switch from one plan to another under the same insurer or move to another insurance provider. All you need to do is apply to the insurance provider of your choice at least 45 days prior to the renewal date of your existing policy. However, there are certain conditions attached to this facility. Here are seven factors that you may consider while opting to port your health insurance policy.

Waiting period

Health insurance policies have waiting periods which usually consist of three timelines—30 days for fresh policies, up to two years for specified diseases, and up to four years for pre-existing diseases.

If you are planning to port your policy to another insurer, make sure that you take note of the new policy's waiting period. Also, if you are looking for a higher cover, you may need to serve the complete waiting period for pre-existing diseases.

Coverage offered by new insurer

Let us say you have been paying higher premiums against your existing health policy. After consideration, you have decided to port to enjoy lower premiums.

However, some insurance companies can resort to reducing the coverage, albeit offering lower premiums compared to your existing policy. So, check the insurance cover before switching to a new insurance service provider.

Portability application timeline

You need to apply 45 days before your policy expires and not before 60 days of the expiry date. Keep this timeline in mind to avoid your application getting rejected. Also, the insurance regulator has to provide insurance claim and other details within 7-15 days of submission of your portability form.

Your age

Some insurance companies hesitate to approve portability applications for senior citizens, the sole reason being that with increasing age chances of developing health conditions rises. Also, certain insurers levy high loading costs if they see the applicant is above 55 years.

What you can port

You can port the waiting periods or time-bound exclusions along with no claim bonus on the existing policy with this facility.

Increasing sum assured

You can always seek an increase in the sum assured when applying for portability. However, this is solely at the discretion of the underwriter. If you seek a hike of 100%, there are chances of your application getting rejected.

Also, if you seek to port a single member out of a floater cover with a significant increase in the sum assured, you may directly fall under the scrutiny of the new service provider. This usually happens when you are looking to enhance your cover with an adverse health condition.

Faulty application

Make sure that you have filled in the form with the required details and have all the documents pertaining to your existing policy in place. Also, do not forget the application timeline.

You have the highest chances of approval for porting your existing insurance if you are below 50 years and have a clean claim record. It will help you maximise insurance benefits while paying lower premiums. Make sure to compare all your options thoroughly, and do not forget to go through the fine print of the new insurance company before signing up.

(The writer is Adhil Shetty.)

Source

TOP

Insurance for same-sex partners? Here's how it works – CNBC – 24th August 2019

Star India has extended health insurance coverage to the partners of LGBT+ (lesbian, gay, bisexual, transgender and queer, among others) employees, effective July 1. The entertainment company said all existing employee benefits around maternity and paternity, in-vitro fertilization, surrogacy and adoption are applicable to LGBT+ employees.

The company joins firms like Citigroup and Godrej Group in offering such benefits to its employees. At a time when having same-sex partners is still considered a taboo in several parts of the country; an insurance cover is an even novel concept.

Compared to a typical health insurance policy that offers cover to the husband and wife, this product is worded differently. Mohit Agarwal, Managing Director, Employee Benefits & Benefits, Marsh India Insurance Brokers, said both Indian, as well as multinational companies, are now taking up these covers.

"With respect to cover, it is a group product and hence differs from one company to the other. Instead of using the word 'spouse' the word 'partner' is used in the insurance product," he added. The word 'spouse' cannot be used in an insurance contract yet. This is because same-sex marriages are not recognised in India and a contract like insurance cannot use this term unless it has legal backing.

So, when a company offers a cover for LGBT+ employees, it is part of the group life or health cover. Agarwal said they are working with a handful of private-sector insurers to design products best suited to meet the needs of the community.

Whenever a corporate chooses to cover LGBT+ employees, they first decide whether they want to cover life, health or both. Then external expertise from insurance brokers like Marsh India is sought. Based on the requirement, pricing and features of the product are discussed.

Health insurance products offered to same-sex partners have the same benefits as a regular medical group insurance product. It is merely customised to change wordings based on whether the couple is male or female.

Even if it is a live-in relationship or a bisexual relationship, the product is worded accordingly. However, for a live-in relationship, proof of cohabitation like telephone bill, rent agreement or electricity bill has to be provided, Agarwal added. However, retail products are not freely available in the Indian market for same-sex couples. With the Supreme Court decriminalizing consensual sex between same-sex partners, it is likely that health and life covers in the retail market for this segment will be available in the next 12-18 months.

TOP

Source

CROP INSURANCE

No insurance cover for inundated paddy – The Tribune – 29th August 2019

Paddy farmers whose crop has been damaged due to recent rains feel embittered after learning that they may not get claims for their losses despite paying premium because inundation of paddy is not covered under the Pradhan MantriFasalBimaYojana (PMFBY) this year.

Standing paddy crop on over 1.38 lakh acres in Ambala, Kurukshetra, Karnal, Panipat, Yamuna agar and Panchkula suffered 25 to 100 per cent damage due to heavy rainfall during this kharif season.

Inundation of paddy crop, which was earlier covered under the localised risks under the PMFBY, was excluded from this year.

Dhoom Singh, a farmer of Paplotha village of Ambala, said, "Nearly 10-acre crop has got damaged and we have suffered a loss of nearly Rs 4 lakh this year. But now, we are being told that we are not going to get compensation despite paying the premium. The government does not seem much concerned about the plight of farmers. If the company is not going to pay compensation, the government should."

Prahlad Singh Bharukhera, president of the Haryana Kisan Manch, alleged that the government was cheating farmers in the name of the PMFBY as they did not get any claims whenever there were any natural calamities.

Paddy crop had been sown on 12.98 lakh hectares in Haryana this kharif season. Of this, 55,337 hectares (1.38 lakh acres) had been affected by rains. Ambala district topped in damage to paddy crop with 45,584 hectares affected, followed by Kurukshetra (3,960 hectares), Yamuna nagar (2,388 hectares), Karnal (1,500 hectares), Panchkula (1,305 hectares) and Panipat (600 hectares).

All farmers who get any kind of agricultural loan from banks are covered under the PMFBY as their premium is debited by the banks from their accounts. Others too can opt for PMFBY though the scheme is not mandatory for them. Farmers in Haryana have to pay Rs 630 per acre — which is 2 per cent of the sum insured — for insuring their 2019 kharif rice crop, with the state and Central governments paying the rest of the premium.

Farmers are compensated for two types of losses – for yield loss to the crops, which is calculated on the basis of crop-cutting experiments conducted by the department, and against localised calamities like hailstorm, landslide, inundation, cloudburst and natural fire (caused by lightning or excessive heat and not by sparking in overhead wires).

Till last year, all these localised risks were covered for all crops, including paddy. However, the Central government had earlier this year amended rules, wherein inundation of paddy was excluded from the list of risks covered under the PMFBY.

Agriculture and Farmers' Welfare Minister Om Prakash Dhankar said the state government had taken up the matter with the Centre and he was confident that the issue would be resolved. Dhankar further said farmers would anyway be covered for yield-based claims if the average yield of their village fell because of inundation.

(The writer is Sushil Manav.)

TOP

Source

Insurance for the farmer - The Statesman – 27th August 2019

Successive governments of free India have undoubtedly been trying to free farmers from the perils of crop loss and the bondage of indebtedness that results from it. Unfortunately, the very similar efforts in that direction started in the initial years after Independence. The fact that such efforts are still being made points to the failure of measures that have been taken to address the fundamental factors behind the farm crisis. None of the crop insurance schemes, nor their revisions, though continuous, have yielded the desired results.

Now there are indications to reform the ongoing Prime Minister's Fasal Bima Yojana (PMFBY) as well.

But tinkering without learning the lessons of history will lead the country nowhere. The history of crop insurance history goes back to 1915 when JS Chakravarthi Finance Secretary of the princely Mysore State proposed a rain insurance scheme. Also, in the 1920s, some other princely states, notably Madras, Dewas, and Baroda, experimented with crop insurance, though without much success. After Independence in 1947 the government commissioned a study in response to the demand in Parliament for crop insurance.

The first major dilemma of the study group was on the mode of crop insurance, whether it should be an individual approach or an area based one? The first method seeks to indemnify the individual farmer to the full extent of the losses. But its implementation requires the reliable and accurate data of crop yields of individual farmers. The real issue was the fear of 'moral hazard', which simply means the fear of farmers making wrong claims if the individual based insurance is adopted. The 'area' approach, on the other hand, entailed the selection of a homogenous agro climatic area as a crop insurance unit; farmers get benefit only if the entire area suffers losses under this model.

Eventually, the study report recommended the 'homogenous area' approach and the government accepted the same. It sent a model scheme to the states which they did not accept due to financial constraints.

The same fate befell the 1965 Crop Insurance Bill and another model scheme. The bill was later vetted in 1970 by the Dr Dharm Narain Committee which opposed the feasibility of crop insurance in India.

However, at last, the first-ever Crop Insurance scheme was put in place in 1972; it was an individual based scheme. General Insurance Department of the LIC implemented it, limiting it only to H4 cotton in Gujarat. Later, the newly set up General Insurance Corporation (GIC) added groundnut, wheat and potato and extended it to four more states ~ Andhra Pradesh, Maharashtra, Tamil Nadu, Karnataka and West Bengal. This experimental scheme continued up to 1978-79 and covered 3,110 farmers.

Against a premium of Rs. 4.54 lakh, claims worth Rs.37.88 lakh were paid. That means the claim amount was eight times higher than the premium collected; to be exact, the premium claims ratio was 1:8.34. This was a good plea for the government to discard the individual approach.

In 1979, the GIC introduced another Pilot Crop Insurance Scheme (PCIS), an area-based scheme as recommended by Prof V.M Dandekar. Later several other schemes, including Comprehensive Crop Insurance Scheme (CCIS 1985), National Agriculture Insurance Scheme (NAIS 1999), Modified National Agriculture Insurance Scheme (MNAIS 2010), Weather Based Crop Insurance Scheme (WBCIS 2007), National Crop Insurance Programme (NCIP 2013) were experimented before introducing the PMFBY in 2016. The CAG Report 7 of 2017 has focused on the serious flaws in the crop insurance scheme from 2011 to 2015-16. The most important of its findings was the insignificant crop insurance coverage.

During the five kharif seasons in these five years, only between 14 and 22 per cent of the total farmers were covered under insurance, which means 78 to 86 per cent were outside insurance protection. The small and marginal farmers' case was worse with only 5.75 to 13.32 per cent coverage, meaning 86.86 to 94.25 per cent of them were uninsured during the five kharif seasons.

During the five Rabi seasons, 88 to 92 percent of the total farmer and 94.38 to 97.28 of the small and marginal farmers did not have the crop insurance coverage. This also means that those many people could not access bank credit; if they got the loans they would have been compulsorily insured as per the rules of the crop insurance scheme. Other disturbing facts CAG found were: i) two-thirds of the farmers

surveyed by it did not even have the knowledge of crop insurance; ii) 97 percent of the insured limited their insurance cover only to the extent of bank loan, although they were entitled to higher sums and iii) the insurance companies did not stick to the 45 days limit for settling the claims. The CAG observed abnormal delay, even up to 1,069 days, in the nine states it studied.

Another noteworthy failure is the neglect of tenants who account for 40 percent of the actual farmers. As for the PMFBY, the government's reply to an RTI question revealed that eleven insurance firms paid claims worth Rs.31, 612.72 crore against the gross premiums of Rs.47, 407.98 crore they had received in two years 2016-17 and 2017-18. Thus, they have reaped a whopping profit of Rs 15,795.26 crore from Fasal Bima. This means a payout of Rs. 50 to the insurance companies for every benefit worth Rs 100 to the farmer.

Now the government wants to bring in reforms but it has given no hint of reducing the role of private insurance. The actuarial private insurance can never alleviate farmers' woes. What is needed is a scheme which makes the public expenditure efficacious, which increases the farmers' incomes. A mechanism to compensate farmers in the event of loss due to crop failure, bad weather, pests or any other reason and more so from adverse market conditions is imperative. This calls for the government's will and a vision to ensure the income and employment security of the farmers and food security of the people.

(The writer is PSM Rao.)

Source

TOP

Companies, not farmers, sole beneficiaries of farm insurance - National Herald – 23rd August 2019

As India reels under an acute farm crisis, the Narendra Modi government's flagship crop insurance scheme helped both public and private insurance companies to profiteer by as much as Rs 118 billion on the back of premiums paid by farmers.

The Narendra Modi government launched its crop insurance scheme 'Pradhan MantriFasalBimaYojana', known as PMF-BY, in April 2016. The scheme was envisaged to compensate farmers for losses in crop yield. The farmer had to be paid based on the difference between the threshold yield and actual yield. The threshold yield is calculated based on average yield for the last seven years and the extent of compensation is set according to the degree of risk for the notified crop.

However, the Comptroller and Auditor General's (CAG's) Report 7 of 2017 observed that there were some discrepancies in the implementation of the scheme. The audit was based on limited range of data and specific provinces chosen by CAG to analyse the scheme. This, based on a broad range of exclusive data accessible to National Herald, is a systematic analysis of the government's flagship scheme.

INTEREST PROFITEERING

National Herald has learnt that there are 18 companies which have been empanelled to implement PMFBY. The farmers' total share in the insurance premium has been found to be Rs 8,678.59 crore, the government of India and state governments had a share of Rs 19,257.49 crore and Rs 19,497.07 crore respectively.

Between 2016 and 2018, a gross premium of Rs 47,433.15 crore reached insurance companies but only Rs 35,626.20 crore was paid to the farmers. Reliance's gross premium was Rs 2,469.33 crore but approved claims only amounted to half of it. Out of Bajaj's Rs 3,297.24 crore gross premium, paid claims were just limited to Rs 2,135.01 crore. HDFC's disbursement difference is to the tune of Rs 1,092.76

crore. The disbursement pattern of public sector insurance companies is equally problematic. AIC has failed to distribute Rs 309.51 crore of approved claims where it had a stagnant amount of Rs 3,038.56 crore. UIIC had Rs 3,393.36 crore for 2016-18 but the amount paid to farmers was Rs 2,219.29 crore. Only, Tata disbursed the funds equivalent to the approved claims.

States/Union Territories (UTs) maintain that they select the implementing insurance companies from the empanelled companies through transparent bidding process for each season. All financial institutions including banks and Primary Agricultural Cooperative Societies (PACS), which are extending seasonal operational loans/Kisan Credit Card loans for notified crops in the notified areas are involved in the implementation of the scheme.

But companies which failed to disburse approved claims in 2016-17 were not removed from the list of insurance companies empanelled for 2017-18. IFFCO is yet to transfer Rs 101 crore of approved funds. B Axa couldn't pay Rs 31 crore of approved claims in 2016-17.

Pankaj Patel, an insurance and tax expert told National Herald, "Insurance companies receive premiums from the government and invest the amount elsewhere, like in semi-government or private sectors. Depending on that, they earn interests, sometimes up to 12%. The money always remains in flow. As the number of beneficiaries of general insurance is insignificant, that adds up the profit."

"The delay in disbursement of insurance premiums increases the time period of outflowed money insurance companies so maximum benefit can be availed. As insurance beneficiaries are the trodden farmers without any support or idea about insurance payouts, this becomes a plus point for the companies. That is one of the reasons the focus of insurance companies is moving from life insurances to general insurances," Dharmendra Rabari of Jay Consultancy added.

DECREASING COVERAGE

The accessed combined data for PMFBY-RWBCIS shows that there is a strict decline in the number of farmers insured in 2017-18 as compared to 2016-17. This means that the Restructured Weather Based Crop Insurance Scheme (RWBCIS), which was conceptualised to provide risk cover against numerous weather perils, is also in doldrums. In 2016-17, there were 57,356,497 insured farmers.

This had 40,285,485 Kharif croppers and 17,071,012 Rabi croppers. But in 2017-18, the number of insured farmers declined to 51,636,172, a reduction of 5,720,325. The insured area which was approximately 56,610,038 ha in 2016-17 was reduced to 51,544,747 ha—with a difference of 5,065,291 ha. 15,845,787 farmers' insurance claims were approved in 2017-18 but only 13,893,798 could benefit with respect to paid claims.

STATE-WISE DISPARITY

About 145,107 farmers of Rajasthan, 1,288,749 farmers of Tamil Nadu, 72,921 farmers in Madhya Pradesh have not been paid their approved claims. All the three states, in the crop season of 2017-18, had NDA governments. Sikkim had 574 non-loanee insured farmers in 2016-17 but a total of sum insured for them was nil. No non-loanee farmer was insured in A&N Is- lands, Goa and Meghalaya in 2016-17 as per accessed statistics. The accessed document shows that the government neglected provinces like A&N Islands, Manipur and Meghalaya. In 2017-18, zero sum premium was insured for A&N Islands in spite of 364 loanee farmers over 248 ha insured area. Claims of Rs 73.68 crore, for 2016-17, of farmers from Kerala are yet to be paid.

QUESTIONS REMAIN

Even after CAG's recommendation, Department of Agriculture, Cooperations and Farmers' Welfare (DAC&FW) doesn't have any data on the coverage of SC and ST farmers under the insurance scheme. The Agriculture Insurance Company of India (AIC) did not maintain separate data on financial support to these categories.

It also did not maintain data on women farmers under the schemes even though the NCIP guidelines of 2013-14 required special efforts to ensure maximum coverage of SC/ST and women category of farmers, and DAC&FW had asked AIC (December 2011) to record and maintain such information. Since no details

of sharecroppers or tenant farmers were maintained by the state governments it is not possible to verify for any external body.

Whether the benefits of the scheme were extended to this category. DAC&FW has also failed to introduce a mechanism to identify and include this cate- gory under the scheme. On March 6, 2018, Parshottam Rupala, then MoS, Ministry of Agriculture and Farmers Welfare, said in Lok Sabha that the target was to increase coverage to 50% of Gross Cropped Area in 2018-19 and the focus was to ensure more coverage of non-loanee farmers through insurance intermediaries. The minister also asserted that the Centre and states had equal shares in the premium subsidy. The data, however, doesn't support minister's claims.

A large number of farmers are unable to insure their crops due to low target, bureaucratic red-tapism and unwillingness of intermediaries. No corrective action has been taken yet in this regard.

Santosh Mehrotra, Professor of Economics and Chairperson, Centre for Informal Sector and Labour Studies, Jawaharlal Nehru University, New Delhi, said, "If there will be more pay- outs of insurance claims than inflow of premium, insurance companies will always make losses. These data are from 2016 to 2018. These years saw good rainfall...so insurance claims will be lower; insurance companies would make profit. In an- other year, a bad rainfall year, insurance claims will be higher and may exceed the inflow of premiums that year, which is when the reserves from a previous year may come in useful. That is the nature of the insurance business."

Not surprised by the facts the investigation reveals, Mehrotra further added, "The basic trouble with most government programmes is that it launches them nationwide to cover the entire population, without first conducting a pilot test. A pilot in one district or a few districts across the country, and learning from the mistakes committed in the pilot, would enable correcting those mistakes in the de- sign of the programme before launching it nationwide. This is never the case here in India. In China, this never happens they first go pilot, before going nationwide. Bureaucrats in In- dia think that they know every- thing. Politicians try to trans- form these ill-planned schemes into political capital. Schemes fail as a result of a combination of these factors."

National Herald e-mailed many insurance companies seeking comments on the tremendous gap between premiums collected and claims paid. We also enquired for state-wide disparity and companies' response on the CAG's audit. They haven't replied till now.

(The writer is Ujjawal Krishnam.)

TOP

Source

MOTOR INSURANCE

Government's EV push will transform motor insurance business – Moneycontrol – 29th August 2019

The Indian automobile sector is one of the largest in the world and accounts for 7.1 percent of India's Gross Domestic Product (GDP) and is expected to grow at a CAGR of 5.9 percent. Another sector that enables this industry is the general insurance sector that contributes only 0.9 percent to the country's GDP but is growing at a CAGR of 17 percent. Being a complimentary industry and a partner in risk management of the automobile sector, a transition towards Electric Vehicles (EVs) has caught the attention of insurers as well.

This can be seen in the latest Insurance Regulatory and Development Authority of India (IRDAI) regulation on third party premium, which has introduced electric vehicles, basis their motor power in the private car segment. Here, it has kept their rates approximately 15 percent lower than that of traditional fuel vehicles.

Additionally, with the latest cut on GST on electric vehicles, with the tax deductions offered over EV vehicle loans and with the move towards converting all 150 cc bikes or lower to electric ones-the government of India is surely incentivising its EV push.

As insurance has always been one of the flag bearers of issues related to climate change, and safer roads, boost to the EV segment by the government, in terms of sustainable and safer mode of mobilityis something that excites us.

With India being home to 14 out of 20 most polluted cities in the world, as per a recent study by WHO, and with the country committed to cutting its GHG emissions intensity below the 2005 levels by 2030, EVs can be one of the solutions that the nation seeks. Not only this, EVs do also promise to cut the load of oil imports since India needs to import over 80 percent of its transport fuel which given its infrastructure expansion and enhanced urban rural connectivity, is otherwise only going to increase.

Given their technologically advanced safety features, EVs will also supposedly make the Indian roads less accident prone, thus reducing the number of lives that the country loses to road mishaps.

Challenges

But the challenges the Indian EV sector faces are also quite a few. Unlike other countries, there's a key difference in the types of vehicles being used in India and in terms of its auto-segments.

According to the National Electric Mobility Mission Plan 2020 report, the Indian automobile market is ruled by two-wheelers, which account for 75 percent of the total number of vehicles sold in the country. Its passenger carsegment is dominated by the small car segment and there is an increased likelihood for numbers to go up significantly by 2030 whereas its premium four wheelers (cars) consist only 2 percent of the total sales.

However, globally, cars with the most advanced technologies are available in this premium category. Also, as EVs run on electricity and charging them takes anywhere between 5-10 hours, having the right grid infrastructure ready to support charging them at homes and while on the roads, remains another challenge. Additionally, if the charging is not supported by green electricity, then the pollution is merely getting transferred from the roads to the power stations.

Along with this, a shift to the EV from the traditional internal combustion engines would affect a large number of mini-micro industries that serve as auto-ancillary companies employing lakhs of people. Many of them will not survive as EV replaces petrol/diesel vehicles. Disposing off the batteries would be another major concern, since India already is home to substantial amounts of e-waste and a clean dumping with minimum carbon footprint and use of recyclable materials as ingredients would need adequate attention.

The Insurance-EV Parlance

The insurance sector would also see considerable transformation in terms of its offerings. While the traditional third-party insurance will continue to remain the same albeit the only difference being the premium being a bit cheaper because of government incentivising the use of electric vehicles, the own damage part will see design changes.

The premium rates for the own damage part of the internal combustion engine motor vehicles are decided on the basis of the engine capacity of the vehicle, while for the EV insurers will be considering its kilowatt (KW) for premium calculations.

However, in the absence of a claims database, and because of higher repair costs, electric cars might attract a higher premium rate. Also since these cars are built with advanced technology and require specialist mechanics for their repairs, hence the costs of the batteries and their specialized parts can also be expensive.

Frequent and extensive work is being done by auto manufacturers in material innovation, where lighter carbon fiber and other composite materials will replace metal body of vehicles, will also result in change in dynamics for insurers.

This would lead to newer and costlier add-on cover offerings as against the traditional ones available with the current comprehensive motor insurance policies. The mechanical, electronic and electric failure of battery and electricity supply unit would need suitable warranty products to cover the associated risks.

Further, the 24/7 roadside assistance for towing the vehicle for free to the nearest charging station or to the home charge point would be another sought after insurance cover. Owing to specialised repair facilities the repair costs involved with EVs can prove to be costlier than a traditional petrol/diesel car, and insurers could charge a higher premium for insuring electric cars. Their depreciation charts would also be different and so would be the cost associated with a zero depreciation cover. Special liability feature would also be included in the third party coverage, due to any damage owing to a fire in the EV whilst charging or operating it.

Conclusion

To make it sustainable and cheaper for the end customers, the government needs to ensure greater EV penetration. This can be accomplished by innovations specific to the Indian vehicle utility, demand-sidemanagement, a schematic vehicle-to-grid technology, a shift to green electricity and hand-holding existing industries towards this upcoming trend.

A Niti Aayog report said that there could be a sales penetration of EVs to the tune of 30 percent in private cars and 80 percent in two/three-wheelers by 2030. It is anticipated that this would be aided by cheaper vehicles and allied costs with the purchase.

As consumers, one must not only look at the costs involved with an EV purchase, but also the long term green and safety benefits it offers. The insurance sector needs to be ahead of this curve not only in terms of rewarding sustainable motoring by incentivising as part of governmental schemes, but also through designing products and services tailored around EVs.

(The writer is Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance.)

TOP

Source

Motor insurance: third party obligations on insurers to be reviewed – Mint – 29th August 2019

With a move to drive awareness Insurance Regulatory and Development Authority (Irdai) is launching a pilot project with the four states to reach out to the owners of uninsured vehicles for renewal.

Irdai chairman S C Khuntia said this project will help insurance companies to improve their premium collections.

"We are working with four state governments on a pilot project on how to contact the owners of the motor vehicles that are not insured and send communication to them that they come and renew," Khuntia said the inaugural session of an insurance and pension sector event organised by CII.

He, however, did not mention the names of the four states. It is mandatory under the Motor Vehicle Act to have third party insurance.

Traditionally, motor vehicles have been a segment which used to give about one-third of the premium but this year there is a little bit of difficulty as there has been concerned about the sale of automobiles, he said.

"I hope with the government support the automobile sector will also improve its sales in the near future," Khuntia said. On DHFL case, he said insurance companies have been allowed to be part of Inter Creditor Agreement (ICA).

He said the life and general insurance subsidiaries of DHFL do not have solvency issue. "We will ensure that the solvency is right. If solvency is not right then we will have to take regulatory action. As of now, there is issue with the solvency margins," he said.

Troubled DHFL has two insurance subsidiaries - DHFL Pramerica Life insurance and DHFL General Insurance. The general public must be made aware about the benefits of pure term insurance.

"People mix term insurance product with savings product and compare with products like mutual funds or fixed deposits in the banks. We need to create awareness of the nature of this product," he added.

TOP

Source

Look for cashless garage clause in car insurance – DNA – 28th August 2019

Most people ensure the right kind and amount of coverage for their vehicles. However, choosing the right insurer is also important.

Buying car insurance is mandatory if you have a car. Renewing it is again important if you wish to keep your car insured. While a lot of debate and thinking goes into choosing a car insurance policy, choosing the right insurer is also important. This is because your choice of car insurer will have an indelible impact on the quality of services provided when you may claim the insurance that you had paid for.

While choosing a car insurance company, it is important to look into the following essential factors. These include:

Premium rates: Not all insurance companies charge the same amount of premiums for similar services. Most people prefer buying from insurers that promise extensive coverage at nominal premium charges. However, factoring in premium rates alone while choosing your car insurer may result in an inadequate coverage amount. Rakesh Jain, ED & CEO, Reliance General Insurance, says, "Premium rates are a function of nature of coverages and its adequacy. It also needs to mirror customers' risk appetite or compliances prescribed. Hence before buying a motor policy, customer needs to check effective/ efficient premium rates."

DRIVING TO SAFETY
Any car insurance cover is incomplete without the inclusion of certain essential car insurance riders in the plan You must opt for an insurer with a high level of claim settlement ratio to ensure timely compensation for the loss your car may have suffered during an accident

Availability of essential riders: Any car insurance cover is incomplete without the inclusion of certain essential car insurance riders in the plan. Subramanyam Brahmajosyula, head-underwriting and reinsurance, SBI General Insurance, says, "Standard cover available under motor policies may not give you protection against all contingencies in the event of a loss or damage to your vehicle. To enjoy comprehensive protection, you should consider the following essential add-ons which are available at a nominal cost. These include:

Zero depreciation cover - This cover ensures that the cost of depreciated parts is reimbursed to you in full.

Engine protect cover – Provides reimbursement for the cost of repair or replacement of engine.

Return to invoice – In the event of total damage to your car, you will be paid the original on-road price of the car instead of the depreciated value.

Claim settlement ratio: You must opt for an insurer with a high level of claim settlement ratio to ensure timely compensation for the loss your car may have suffered during an accident. After all, your insurer had charged you a premium in return for the payment of the compensation amount when it is due.

Deductibles charged: This is the amount that you must pay towards your car's repairs before your insurance company steps in to assess the damage and pay for the cover amount claimed. Shreeraj Deshpande, principal officer, Future Generali India Insurance, says, "Yes, on motor own damage section there will be deductible which will be applicable on every claim. This is as per the Motor Tariff which is followed by all general insurance companies. There are two types of deductibles.

Voluntary Deductible: Insured may opt for higher deductible over and above the compulsory deductible in which case discount will be allowed.

Reputation matters: There is a trust factor involved in insurance that works both ways. It is important to opt for a country that enjoys trust and reputation among its customers. Shanai Ghosh, CEO designate, Edelweiss General Insurance, says, "Reputation is related to the purchase and after-sales service experience you receive from the company. We believe that reputation is built on customer experiences. Hence, our focus has been to create seamless, long-lasting relationships with each of our customers."

Cashless garage network: An important aspect of any car insurance company must be the breadth of its cashless garage network. Getting your car repaired at a garage within the insurer's network ensures the scope of a cashless claim. This explains why you must choose an insurance company with the largest cashless garage network, thus, enabling you to seek the benefits of timely car repairs.

Online presence: A digital presence is imperative to any insurance company's survival and reputation. You can easily file your claims online or opt for renewal if your insurance company has a fully functional website. Having a mobile app also helps those looking to renew their insurance plans instantly. Sourabh Chatterjee, head - IT, web sales & travel, Bajaj Allianz General Insurance, says, "A strong online presence is critical for any insurance company.

This is no longer limited to service and renewals, but also a large extent to researching and buying products. A large chunk of customers who buys policies offline as well tends to begin their research journey online.

As far as service is concerned, the use of Chat bots has facilitated quicker service to customers, rather than visiting a branch or for that matter even calling up an insurer. Mobile apps in insurance are picking up as well, and as long as they add value to a customer they will only grow in popularity with customers."

Customer service quality: The insurance buying process is fraught with queries and doubts. Similar is the case when it comes to making claims. To ensure seamless purchase and easy claim settlement, it is important for the company to have an efficient customer care centre in place.

SubrataMondal, executive vice president, IFFCO Tokio General Insurance, says, "Efficient customer services is a sine qua non in an industry where trust takes precedence over everything. The crucial parameters to be considered are the insurer's claim settlement ratio and their network to provide support services in times of distress of claims like roadside assistance besides self-help portals or apps in the digital world."

(The writer is Abeer Ray.)

TOP

Source

Motor insurance down to a crawl as automobile sales remain in slow lane - The Hindu Business Line – 25th August 2019

The slowdown affecting the automobile sector has also slowly begun to bite the insurance industry, with own damage (OD) motor insurance premium seeing negative growth this fiscal.

Third-party motor insurance has also seen negligible growth.

Data compiled by the General Insurance Council show that the gross direct premium income underwritten by the 25 general insurance companies has seen muted growth till July.

Motor insurance is mandatory at the time of purchase of a new vehicle, including two-wheelers, and in a way captures the sale as well as registration of new automobiles; it has also to be renewed on an annual basis.

Gross direct premium income underwritten for the full motor segment grew by 5.8 per cent to ₹21,089.78 crore in the first four months of the fiscal year, against a 10.5 per cent growth in the same period a year ago.

Breaking down the numbers, the growth in gross direct premium income underwritten for motor OD insurance has, in fact, dipped by 1.9 per cent between April and July 2019 to ₹8,423.36 crore, against a growth of 2.2 per cent in the same period last fiscal.

Growth in premium for motor TP insurance is still in double-digit but muted when compared to 2018, and insurers attribute the continued robustness partly to the revised rates for premium in the segment.

Gross direct premium income underwritten for motor TP grew by 11.5 per cent to ₹12,965.02 crore till July 2019, against a growth of 17.3 per cent last fiscal.

"This must be the first time in the last six-seven years when motor OD premium has slipped into the negative territory," noted Roopam Asthana, CEO and Whole-Time Director, Liberty General Insurance.

Since it is mandatory under law, motor insurance premium, particularly from motor TP, forms a chunk of the business and premium underwritten by general insurers.

Auto sales fell to a 19-year-low in July, and declined by 18.71 per cent that month, according to data from industry body SIAM.

"We expect the trend to continue till early next year, although recent measures by the Finance Ministry could lift auto sales to some extent," noted another executive with an insurance company, who added that data suggest that new vehicle registrations are still growing at a faster number than what is reported at the manufacturing level.

'Set target for growth'

IRDAI Chairman Subhash Chandra Khuntia has also asked the insurance industry to target at least 15 per cent growth, noting that in 2018-19, the life insurance segment has grown by 11 per cent and the general insurance segment by 12 per cent.

(The writer is Surabhi.)

Source

TOP

Sitharaman's sops likely to spur motor insurance companies' growth - Business Standard – 24th August 2019

The motor insurance segment of non-life insurers, which reported the slowest growth in the last five quarters because of negative sales trend in automobiles, may see a revival after finance minister Nirmala Sitharaman sops on Friday.

The Finance Minister, among other measures for the auto sector, had announced revision of one-time registration fees and bettering infrastructure. She also said a vehicle acquired from now to March 2020 will attract an additional 15 per cent depreciation rate, thereby taking the entire depreciation rate to 30 per cent.

The enhanced depreciation is expected to motivate vehicle makers. “This positive measure should lead to tax coming down for client businesses, implying higher profitability due to lower effective cost on new vehicles.

The measures have no direct impact on premium. However, they should augment sale of new vehicle, thus improving opportunity for insurance companies,” said Rakesh Jain, executive director and chief executive officer (ED & CEO), Reliance General Insurance.

Slowdown in sale of new vehicles has impacted the growth in premiums for the motor insurance segment. Premiums collected from the motor insurance segment contribute close to 38 per cent of the overall collection from various segments for the non-life industry.

In the June quarter, growth in the segment was around 4 per cent, with premium collection at Rs 15,724 crore against Rs 15,074 crore in the same period of FY19. This was the lowest growth in the last five quarters, starting from Q1FY19.

TOP

Source

SURVEY & REPORTS

85% rural population lost health insurance, shocking disclosure in the report - India TV – 26th August 2019

Despite increasing expenditure on health services in the country, 85% of the rural population is denied health insurance cover due to lack of information . This has been said in a recent report. According to a report by a leading actuarial and consulting firm named Milliman, only 44 per cent of India's 1.35 billion population has a health insurance policy.

According to the report, 85 percent of the population of rural India is bereft of health insurance cover, while 80 percent of the urban population is taking advantage of it. Amit Chavda, health insurance head of policybazar.com, said, "The truth is that many people in our country do not understand the importance of health insurance policy and its necessity."

Chavda said, “India is one of the cheapest health insurance markets worldwide offering comprehensive health policies at affordable prices. In addition, insurers are now offering more comprehensive policies,

moving from offering coverage only to hospitalization. These companies are also working to cover their out-of-pocket expenses, encourage better health and promote disease-resistant care.

According to Milliman's report, India's health care system comes at number 112 out of 190 countries in the world. Most Indians rely mainly on household income and savings for treatment expenses or borrow money from friends and relatives to pay hospital bills when needed. As a result, thousands of people face poverty every year due to excessive debt due to expensive treatment expenses.

"India is one of the countries that has the highest rate of out-of-pocket spending for treatment worldwide. Out-of-pocket expenses account for about 65 per cent of total treatment costs," said Chavda.

He said, "A health insurance floater policy of Rs 7-10 lakh is sufficient in most parts of the country. However, if the policyholder discovers a serious illness, a general indemnity policy will not be of much use. For such cases, A Critical Illness Policy is more useful. Critical Illness Policy has a higher cost and covers specific diseases. Which policy to buy Be it your family's needs should be fixed taking into account. The number of the most important thing family members to identify policy and their age. "

TOP

Source

INSURANCE CASES

Acquittal of driver involved in accident no ground for denial of insurance claim: HC – The Times of India – 30th August 2019

The Punjab and Haryana high court has made it clear that acquittal of driver in criminal proceedings pertaining to accident of a vehicle and a complainant turning hostile in the case is not a ground for denial of insurance claim to the family of the person killed in that accident.

Justice Lisa Gill of the high court passed these orders while upholding the decision of Motor Accident Claims Tribunal, Chandigarh, directing the Oriental Insurance Company Limited to pay Rs 77.77 lakh claim to the family members of an ex- serviceman who was serving as constable in Chandigarh police when he died after allegedly being hit by a bus.

The man, Jagtar Singh, 42, died on December 11, 2016 after he was hit by a bus while crossing a road in the city. It was alleged that the accident was caused by rash and negligent driving by the Chandigarh Transport Undertaking (CTU) bus driver.

On December 21, 2018, the Motor Accident Claims Tribunal awarded Rs 77,77,322 to the deceased's family. The amount was to be paid by Oriental Insurance Company Limited which had insured the bus.

Aggrieved from these orders, the insurance company had approached the HC arguing that the vehicle in question has been falsely involved in this matter only to extract compensation. The firm added that the propounder of the FIR Narinder Kumar has turned hostile during criminal proceedings and the driver of the bus had been acquitted in the said proceedings. The company said it was not liable for compensation in this case as it was not proved on record that the bus in question was involved in the accident.

Hearing this, the HC found that the identity of the offending vehicle was duly established on record. The bus was found to have been taken in custody by the police from the spot of the accident and was released on superdari.

"The complainant may have turned hostile in the criminal proceedings but in the wake of the positive evidence on record in the present proceedings where the claimant has to prove his case on the touchstone of preponderance of probabilities and not beyond reasonable doubt, it cannot be concluded that the offending bus was not involved in the accident. Acquittal of the accused driver in the criminal proceedings by itself is not a ground to non-suit the claimants in the given factual matrix," observed the HC while upholding the tribunal's order.

(The writer is Ajay Sura.)

TOP

Source

IRDAI imposes Rs 1.11 crore penalty on Policybazaar – Moneycontrol – 28th August 2019

Policy bazaar entered into a partnership with 'lndian Health Organization by Aetna' and offered incentives to its customers in violation of regulations.

The insurance regulator has imposed a Rs 1.11 crore penalty on web aggregator Policy bazaar for violation of regulations. Insurance Regulatory and Development Authority of India (IRDAI) said Policy bazaar entered into a partnership with a non-insurance entity called 'Indian Health Organization by Aetna' (IHO) and offered incentives to its customers in violation of regulations.

IRDAI said incentives included complimentary wellness benefits for all new eligible customers and covered five OPD consultations, unlimited telemedicine consultations, unlimited second opinion services, as well as pharmacy discounts. Further, the web aggregator also displayed the services offered by IHO on its website. This is a violation of regulations as these entities are not allowed to advertise products and services of other entities.

Policy bazaar was also advertising on television that they would offer a 60 percent discount on the motor insurance policy, which IRDAI said leads towards promoting the products of particular insurers. However, the company clarified that they have removed the advertisement after concerns expressed by the regulator.

"As the leader in the online web aggregation space, Policy bazaar is a web aggregator which other web aggregators and online distributors seek to become. This places tremendous responsibility on Policy bazaar. In light of such expectations, Policy bazaar was expected to act diligently and with utmost care and responsibility. Unfortunately, Policy bazaar failed in complying with the Regulations," said IRDAI.

Policy bazaar will be free to file an appeal with the Securities Appellate Tribunal against this order.

TOP

Source

Insurance firm asked to pay Rs 23 lakh compensation to road accident victim's kin – The Times of India – 27th August 2019

A Srivilliputhur court on Tuesday ordered an insurance compensation of Rs 23.52 lakh to the family of an accident victim.

Duraipandi, 44, son of Sangilikalai of Kalangaperi village near Rajapalayam in Virudhunagar district, had been working as a typist in the PWD office. He was killed when the two-wheeler he was riding on met with an accident on the Rajapalayam - Alangulam Road on June 14, 2014.

His family members, including father Sangilikalai, wife Krishammal and mother Sevanthi, filed a case in the chief judicial magistrate's court seeking compensation.

Chief judicial magistrate Saran ordered the Oriental Insurance Company to pay the compensation.

(The writer is Padmini Sivarajah.)

TOP

Source

Insurance claim rejected, firm gets notice - The Times of India – 27th August 2019

The district magistrate (DM) has issued a notice to the Oriental Insurance Company Ltd for failing to clear five insurance claims under Mukhya mantri Kisan Evam Sarvhit Bima Yojana, even after they was cleared during a district-level review meeting.

Under the scheme, which was launched by then chief minister Akhilesh Yadav in 2016, the government promises to provide free treatment to farmers up to Rs 2.5 lakh in accident cases. In Ghaziabad, Oriental Insurance Company has been authorised for this scheme.

Officials said Ghaziabad received 209 claims from the time the scheme was announced till July, 2019. However, 93 claims were rejected by the company after finding them ineligible.

In a district-level review committee meeting chaired by the DM, 12 claims were found to be eligible for payment. The insurance firm cleared only seven, but did not take action in five claims, in which the beneficiaries had died, saying that they needed to be to be re-examined.

DM Ajay Shankar Pandey issued a notice to the company on August 23 and gave a week's time to clear the remaining dues.

Pandey said, "In case they do not pay up, we will issue a recovery certificate against them like it is done in cases related to land revenues.

(The writer is Aditya Dev.)

TOP

Source

Not read T&C? You are guilty of negligence: Consumer forum – DNA – 27th August 2019

The National Consumer Dispute Redressal Commission (NCDRC) has, while dismissing an appeal said, it is the duty of an insured to read about the nature of an insurance policy and risk covered. It further stated that even while continuously renewing the policy if the insured chose not to examine his policy then he is guilty of contributory negligence.

The matter came to the NCDRC after the insured appealed an order of a state commission that had ruled in favour of the insurance company and a bank. Prakash Patel, a resident of Vadodara bought two insurance policies from the National India Insurance Company through Bank of India.

The first policy was brought for the period period April 13, 2008 to April 12, 2009and the same was being continued and renewed since 2005. This policy among other things covered the risk of storm, tempest, flood and inundation (STFI).

Patel had also through the bank bought another policy for the period from August 19, 2007 to August 18, 2008 which was being continued since year 2004. In this policy the risk of STFI was not covered and this policy was only for stock for Rs.16, 20,000/-.

The bank paid the premium for the same and debited the same from Patel's account. On August 10, 2008 suffered damages due to heavy rains and a claim was made.

NCDRC rules
The policy holder had appealed against an order of the state commission that had ruled in favour of the insurance company, bank.
It said the bank paid the premium as per the customer's instruction and also gave him the terms and conditions.

The insurance company assessed the net loss at Rs.1,21,544. The insured challenged the same in state commission. The counsel for insured argued that if not the insurance company, then the bank should make good his loss as he was not aware of the discount obtained by the bank in the premium for relinquishing the risk of STFI. He said he had not instructed the bank to go for a cover that did not cover STFI.

The NCDRC while dismissing the appeal said that the bank paid the premium as per the customers instruction and also gave him the terms and conditions and exclusions. It said the exclusion of STFI got the insured a discount in premium but he never raised an objection about the policy for 5 years.

(The writer is Smitha R.)

TOP

Source

Insurance firms told to refund Rs 75K - The Tribune – 26th August 2019

The District Consumer Disputes Redressal Forum has directed two insurance companies to refund Rs 75,098 along with a compensation of Rs 5,000 and litigation expenses of Rs 4,000 to the complainant for allegedly issuing a second insurance policy without his consent.

Ravinder Kumar, a resident of the Majitha road area, had filed a complaint against Bajaj Capital Insurance and Bajaj Allianz General Insurance, stating that he had purchased an insurance policy from the opposite parties.

He said at the time of taking the policy, an employee of one of the opposite parties had taken three cheques from him. He alleged that after sometime he came to know that they had arbitrarily issued another policy on his name without his consent and without providing any information to him. He complained that the opposite parties had also not provided any cover note or insurance policy in spite of repeated requests made by him. He alleged that they sold the first policy to him by misleading and misrepresenting facts and issued the second one without his consent.

The forum said the evidence adduced by the complainant has gone unrebutted on record as the opposite parties have failed to appear. It stated that thereby the opposite parties impliedly admitted the claim of the complainant, which further shows that the opposite parties had no defence to offer for contesting the case of the complainant.

TOP

Source

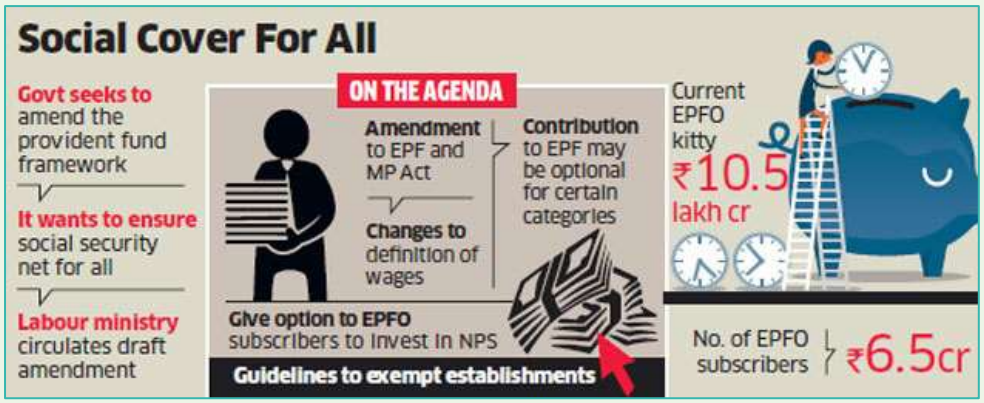
PENSION

Domestic help, others may get PF benefits - The Economic Times – 26th August 2019

India proposes to introduce provident fund for domestic help and other self-employed persons such as drivers, as part of the Narendra Modi-led government's plan to widen the social security net.

The labour ministry plans to amend the Employees' Provident Fund and Miscellaneous Provident Act to empower the government to notify the rate and duration of contributions for any class of employees.

The move follows the Pradhan Mantri Shram Yogi Maan Dhan pension scheme unveiled for unorganised sector workers. The objective is to allow rates of contribution for certain classes of employees lower than the mandatory 12% and even exemption for employers from any liability if the need arises, a senior government official said.



The new provision will empower the government to fix rates for a wider section of workers such as drivers, maids or the self-employed, the official told ET. "Besides, the government may notify whether in these cases the employer is liable to contribute or not," the official said, requesting anonymity.

The labour ministry's draft amendment to the Act proposes that the Centre "specify rates of contribution and the period for which such rates shall apply for any class of employees."

A preliminary draft of the EPF & MP (Amendment) Bill, 2019, dated August 23, has been circulated for stakeholder consultation. It has sought comments until September 22. ET has reviewed a copy of the bill.

Currently, both employer and employee contribute 12% each to the Employees Provident Fund Organisation, while the rate is 10% for beedi, brick, jute, coir, and guar gum industries, any establishment declared a sick company or companies with accumulated loses equal to or in excess of their net worth at the end of a given financial year. The EPF & MP Act is applicable to every establishment employing 20 or more people.

"With the change in the industrial and economic scenario of the country leading to increased mobility of labour and outsourcing of services, need has been felt for introducing some amendments in the provisions of the Act," the labour ministry said in a brief note sent with the proposed draft amendment.

Subscribers may be given the choice of switching between the EPFO and the National Pension Scheme and those with income below a certain threshold can opt not to contribute to PF without impacting the employers' contribution. "This flexibility will enable modification of rates of contribution depending on various factors like age, income, gender," it said.

The government proposes to change the definition of wages under the act to align it with the recently notified wage code. At present, the PF contribution is computed on the basis of basic wages, dearness allowance and retaining allowance.

The amendment seeks to stipulate that allowances paid above 50% or as a notified percentage of all remuneration be included as wages, according to the draft.

The move is in sync with the government's Endeavour to reform labour laws and bring all classes of workers in the ambit of social security, lower the provident fund burden on employers and increase the take-home salary for employees.

However, trade unions had opposed a budget announcement of 2015-16 with regard to NPS as an option, forcing the government to roll it back.

Referring to the budget announcement of 2015-16, Vrijesh Upadhyaya, general secretary of the Bhartiya Mazdoor Sangh, said, "We have opposed these changes earlier and will continue to do so as it is against the interest of the workers."

National Pension Scheme cannot be an option to EPFO as the benefits under the two schemes are different, he said.

(The writer is Yogima Sharma.)

TOP

Source

EPFO will now cover workers in J&K and Ladakh - The Hindu Business Line – 25th August 2019

In one of the first administrative moves following the abrogation of Article 370, the Employees Provident Fund and Miscellaneous Provisions Act, 1952, will be implemented in the two newly carved out Union Territories (UTs) of Jammu and Kashmir, and Ladakh.

The move, which will bring establishments and workers in the two UTs within the ambit of the Employees' Provident Fund Organisation (EPFO), was approved at a meeting of the EPFO's Central Board of Trustees (CBT) last week. At present, they are covered by the J&K Employees' Provident Fund Organisation.

The CBT — led by Labour Minister Santosh Kumar Gangwar — has authorised the Central Provident Fund Commissioner to implement the move. The EPFO will facilitate compliance and service delivery such as registration by establishments, remittance of contributions, banking arrangements, IT infrastructure and setting up of offices.

"The implementation of the EPF and MP Act, 1952, in the Union Territories of Jammu & Kashmir and Ladakh was approved by the CBT in its meeting held in Hyderabad on August 21," said Michael Dias, Member, CBT.

J&K EPF Act

As of 2012-13, the J&K EPF Act covered 11,366 units with a total live membership of 28.08 lakh. It covered both private and public sector organisations.

The abrogation of Article 370 and the notification of the J&K Reorganisation Act, 2019, extended all the 108 Central Acts to the two UTs. The effective date of implementation of the Act is October 31.

(The writer is Surabhi.)

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Source

IRDAI CIRCULARS

Updated list of Brokers as on 30th August, 2019 is available on IRDAI website.

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Source

Public notice regarding IRDAI's Single Point of Contact – Regulatory Sandbox is available on website.

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GLOBAL NEWS

Australia: Professional indemnity insurance market turns more challenging – Asia Insurance Review

The first half of 2019 has proven challenging for many professional services firms renewing their professional indemnity insurance policies, says Aon, a leading global professional services firm providing a broad range of risk, retirement and health solutions.

Several Lloyd's syndicates have stopped writing Australian professional indemnity business and Australian insurers are reassessing their appetite for certain professions. This is because with limited investment return, insurers are experiencing increased scrutiny from overseas parent entities and Lloyd's to return their books to profitability.

Increased claims activity and several large settlements have pushed insurers' net underwriting combined ratios over 100%, indicating it is unprofitable. APRA's latest quarterly statistics reports that net combined ratio for March 2019 was 103%, this means that for every $1 in premium an insurer collects they are losing $1.03.

Lawyers and construction workers are heavily impacted professions, with an average premium increase of 30% and 26% respectively based on Aon's proprietary data.

Consultants exposed to cladding such as fire engineers, building certifiers, façade manufacturers and valuers – have been impacted the most. They're experiencing three figure premium increases, if they can even obtain insurance at all.

On the flip side, less competition in PI business has allowed other insurers to return to profitability by significantly increasing their premiums.

Several experienced underwriters have left corporate insurers to set up their own agencies backed by a range of local and overseas insurers. These agencies can provide quality capacity on the larger and hard to place PI placements. Unlike traditional underwriting agencies they are not competing on price but rather trying to add value in a contracting market.

Looking ahead, Aon says that the trajectory will continue to worsen for some industries.

TOP

Source

Malaysia: Higher claims affect 1H underwriting gains of general insurers - Asia Insurance Review

The general insurance sector in Malaysia posted total underwriting profits of MYR455m ($108m) for 1H2019, a decline of 11% over the MYR509m reported for the corresponding period last year, according to data presented yesterday by the General Insurance Association of Malaysia (PIAM).

A summary of the underwriting results of the sector is as follows:

Class	1H2019 underwriting profit/loss MYR m	1H2018 underwriting profit/loss MYR m
Overall	455	509
Motor	143	119
Fire	434	437
MAT	62	85
Medical & health	15	88

PIAM said that the general insurance industry recorded a drop of 1.4% in gross direct premiums to MYR8.92bn for the first six months of 2019 compared to the same period last year. Motor insurance business, the dominant class, was relatively flat with a marginal decline of 0.2% in gross direct premiums which stood at MYR4.18bn. MHI declined by 14.8% to MYR569m.

Rising claims particularly for medical and health (MHI) as well as motor posed major concerns to insurers, PIAM said.

TOP

Source

Indonesia: Managing risk is key to underwriting credit insurance -Asia Insurance Review

Indonesian non-life insurers' expansion into credit insurance is unlikely to erode their credit profiles in the near term, in light of strong capitalisation, healthy underwriting performance and solid market positions, Fitch Ratings says. Sound management of risk accumulation will be crucial for these insurers as they expand their businesses.

The international credit rating agency believes credit insurance will continue to outgrow the overall insurance market as more banks and other financial institutions get familiar with, and benefit from, credit insurance products. This segment has a CAGR of 30% from 2016 to 2018 compared with the overall non-life sector CAGR of below 7%. The credit insurance line made up 11% of total gross premiums in the non-life sector in 2018 against 8% in 2016.

A government initiative in 2016 fuelled the rapid growth. The National Financial Inclusion Strategy opened access to banking services and boosted lending to micro businesses and SMEs.

The segment's rise was also supported by CAGR in loans of more than 10%. Traditionally, state-owned enterprises specialising in credit insurance, such as AsuransiKredit Indonesia, dominated the segment. These state-owned credit insurers serve mainly the microcredit market as credit insurance is mandatory in many cases for micro loans. However, they have recently offered various new products to absorb a portion of a lender's losses on the loans made to larger companies in case of default. Many private insurance companies, which focus on property and automotive lines, have also launched credit insurance products as demand continues to climb.

Fitch believes that managing risk accumulation is the key to maintaining healthy underwriting margins as the parties covered often have a higher risk profile than average debtors. This is because most credit insurance products are distributed to the micro and SME markets that often have limited financial disclosures and poorly designed business plans, and generally lack the collateral banks demand. The credit insurance line's three-year average loss ratio to end-2018 was at 60%, which is much higher than the average loss ratio in property of 33% and automotive of 44%. Premium fees for credit insurance products have been adjusted up despite more companies entering the segment.

Credit insurers

Fitch regards the expansion by AsuransiSinar Mas (AA+(idn)/Stable), Asuransi Wahana Tata (AA(idn)/Stable) and Meritz Korindo Insurance (A+(idn)/Stable) into credit insurance as strengthening the diversity of their products and garnering more business, although claims in this line have been rising. Fitch expects these companies to be prudent in expanding into the new line while developing the necessary underwriting skills. Potential claims would be affected by the selection of banking partners, market segment targets and loan products.

Fitch does not expect any significant impact on the credit profiles of Fitch-rated insurers from the expansion into credit insurance. The above rated non-life insurers have delivered consistently positive underwriting performances, with the combined ratio of each insurer remaining below 100% during 2016-2018. The insurers' capitalisation also has remained strong, with most of them having set aside sizeable capital to absorb potential losses and maintained their regulatory risk-based capital ratio above 200%.

Nevertheless, Fitch expects risk management to become increasingly important as the credit insurance line is relatively new for most Indonesian insurers. In addition, the heightened uncertainties due to ongoing trade tensions and a downturn in the commodity cycle have raised the risk of more corporate defaults.

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Source

Pakistan: Life insurers to centralize digitalization - Asia Insurance Review

The life insurance industry in Pakistan has signed a Memorandum of Understanding with the Central Depository Company of Pakistan (CDC).

The Securities and Exchange Commission of Pakistan (SECP) says in a statement that the MoU paves the way for the life insurance industry to enter into a new phase of digitalisation and centralize policyholder information. This is done through the Centralized Insurance Repository (CIR) with the technological support of CDC Pakistan.

The e-repository is expected to enable the centralised storage of life insurance and family takaful policies in electronic form and serve as the central point for critical policyholder related information.

The system is expected to not only improve transparency, speed, and convenience and cost efficiency, but is also expected to complement the objectives of the Ease of Doing Business (EODB) drive and enhance consumer protection in a multi-pronged manner.

The database may also serve as RegTech tool which can help insurance companies in improving compliance with the anti money laundering regime.

TOP

Source

Malaysia: General insurance industry slows by 1.4% in 1H2019 - Asia Insurance Review

Challenged by the twin challenges of a low penetration rate and escalating claims, the general insurance industry in Malaysia recorded a drop of 1.4% with gross direct premiums of MYR8.92bn ($2.12bn) for the first six months of 2019 compared to the same period last year according to the latest figures released by Persatuan Insurans Am Malaysia (PIAM).

PIAM is the national trade association of all licensed direct and reinsurance companies for general insurance in Malaysia. Currently, it has 26 member companies across the country.

The general insurance penetration rate in Malaysia is calculated as total premiums as a percentage of GDP is low at 1.23% for 2018 compared to the global average of 3%. At the same time, rising claims particularly for medical and health (MHI) as well as motor insurance pose major concerns to insurers.

Motor insurance sees more claims

For 1H2019, motor insurance which is the dominant class of general insurance posted a relatively flat performance with a marginal decline of 0.2% at MYR4.18bn. Insurers paid out MYR14.9m per day for motor claims regarding property damage, bodily injury and vehicle theft.

The number of road accidents continued to go up even though road fatalities decreased by 6.7% from 6,740 in 2017 to 6,284 in 2018. Based on statistics published by the Ministry of Transport, a total of 548,598 accidents were recorded in 2018 compared to 533,875 accidents in 2017. Over a three-year period from 2015, the number of accidents went up by 12%.

Commenting on this trend, PIAM chairman Antony Lee said, “PIAM will adopt a targeted and focused approach in an industry-wide effort to inculcate safe driving behaviour and reduce road accidents. The plan is to implement this at state level by zooming into the high accident-prone areas and collaborating with relevant authorities and enforcement agencies.

States which achieved significant reductions in both accidents and fatalities will be incentivised in a road safety campaign which PIAM is planning to launch in the coming months. The industry looks forward to further liberalisation of the motor tariff which will allow premiums to be priced according to the risk profile of motorists.”

Vehicle theft counts continued to decline for the sixth consecutive year with the total number of stolen vehicles going down by 26% from 7,027 to 5,173 vehicles for all classes during the first half of 2019.

Weak performances in other classes

While fire insurance grew 2.5% to MYR1.73bn, the general insurance industry was weighed down by weak performances in both medical and health insurance (MHI) as well as the miscellaneous class comprising bonds, liabilities, engineering and workmen’s compensation.

Miscellaneous general insurance shrunk 9.8% to MYR1.04bn as it was impacted by two factors; a 27.2% drop in contractor’s all risk and engineering insurance resulting from certain large constructions projects being downsized or put on hold and a 58% decline in workmen’s compensation and employers’ liability insurance with the transfer of the foreign workers compensation scheme to the Social Security Organisation (SOCSO).

Meanwhile, marine aviation and transit insurance rose 9.0% to MYR800m as it was boosted by the recovery of the oil and gas sector as well as a 15.3% surge in marine hull insurance.

However, personal accident insurance declined 1.6% to MYR600m and MHI declined 14.8% to MYR570m. Medical inflation has been on an upward trend with double digit increase in recent years and is projected to reach 14% in 2019.

The insurance industry has set up a joint task force to study the cost drivers in medical inflation and will submit recommendations to the authorities to contain medical costs for the benefit of all stakeholders and the insuring public.

Can customer satisfaction drive future growth?
According to PIAM CEO Mark Lim, the general industry has launched more new insurance products to provide better protection and serve the evolving needs of consumers. As at 25 August 2019, there were 66 new motor and 50 new fire products in the market.

Mr Lim said, "The ongoing phased liberalisation of the tariff has generally benefited consumers across all segments. Apart from the innovative products being offered for consumers' selection, insurance premiums have been on a downward trend with healthy competition in the market place.

Average insurance premium per motor policy decreased from MYR611 in 2015 to MYR584 in 2018. The number of consumer disputes has also reduced by almost 50% (291 motor cases in 2017 to 150 in 2018) according to latest data issued by the Ombudsman for Financial Services which is the independent alternative dispute resolution channel reflecting better customer engagement and complaints management by motor insurers."

Findings of a Nielsen research study commissioned by PIAM in May last year to gauge customer satisfaction on general insurance showed that the customer satisfaction index for General Insurance in Malaysia was 78% which was higher than mature markets such as US (77%) and Singapore (72%).

"This is certainly encouraging news for insurers and will spur the industry to work doubly hard to enhance claims settlement processes further and provide quality customer experience as the market prepares to embrace full liberalisation in the coming year," said Mr Lee.

Looking ahead, PIAM expects recovery in the next six months to be slow with the industry likely to stagnate for full year 2019. It said that the business outlook will continue to be challenging given the uncertainties in the external environment with the ongoing trade tensions between US and China.

TOP

Source

Mandatory health insurance plans in Oman have reached advanced stage - Times of Oman – 27th August 2019

The mandatory health insurance project for private-sector locals, foreign workers, and visitors to the Sultanate is almost ready to be implemented, the Capital Markets Authority (CMA) has announced.

Ahmed Al Mamari, the head of the health insurance team said: "The health insurance rules of the Dhamani project are in the final discussion stages at the Ministry of Legal Affairs. This includes the legislative framework that regulates the relationship between the concerned parties represented by the employer, the worker, insurance and health institutions and the claim management company.

"The application of the system will be in accordance with a gradual methodology that takes into account the classification of companies, of which the highest is the 'excellent' rating level, followed by other levels of company classification."

Al Mamari explained: "Workers in the private sector, which includes domestic and farm workers will be among the target group of the early implementation stage."

Shaikh Salim Al Kaf, Deputy Chairman of the Oman Chamber of Commerce and Industry, Dhofar Governorate said: "The implementation of compulsory insurance for private sector workers will enhance the insurance culture of entrepreneurs and raise awareness of the importance of providing appropriate health care , which will reflect positively on the performance of institutions, as well as highlighting the importance of health insurance as a form of risk management in these business institutions."

"We hope that the project will contribute to the growth of the private sector and regulate the health insurance market. This will play a role in expanding the volume of investments in the insurance and health sectors where we expect to see more private international health institutions and specialised centres as well as more insurance companies specialising in health insurance. In addition, companies specialising in claims management will expand and grow and that will reflect positively on the private sector's ability to absorb national outputs, "AlKaf added.

Regarding the action taken by the CMA to implement the project, Al Mamari said: "The CMA has laid down a number of steps to ensure the successful implementation of the project in the Sultanate. The most important is to ensure the right of the worker to receive appropriate health coverage, whatever his place of residence or work, as well as coordination with the concerned authorities to improve the health and insurance services provided to them. In addition, working as much as possible to reduce the high cost possibilities that might be faced by employers in the private sector."

The Capital Market Authority estimates that the circulation of the project will contribute to the development of the infrastructure of the health services market due to the expected demand after the generalization of Dhamani at all stages and categories of registered companies. The current health insurance coverage includes approximately 469,000 workers in the private sector, and this number is expected to exceed two million when expatriates are added to Omanis working for private firms.

Al-Ma'amari explained, "The government wants to implement a health insurance project based on its enthusiasm to provide health care to expatriates and residents in the Sultanate as well as citizens. It wants to find appropriate alternatives to ensure the provision of sustainable care, capable of keeping pace with developments and therapeutic techniques through achieving partnerships with the private sector and creating an integrated system governing the relationship between health insurance parties which includes employers, insurance companies, private health institutions and worker beneficiaries. "

(The writer is Sheikha Al Maqhousi.)

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Source

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