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INSURANCE INSTITUTE OF INDIA

INSUNEWS

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QUOTE OF THE WEEK

“It's a wonderful thing to be optimistic. It keeps you healthy and it keeps you resilient.”

Daniel Kahneman

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INSURANCE TERM FOR THE WEEK

Rental Value Insurance

Rental value insurance is a type of property insurance that covers loss of rental income. This loss can be caused by damage that is an insured peril or any permanent devaluation in the rental value of the property. The amount of payout on rental value insurance can be the subject of intense squabbling between insurers and insureds. Typically the property must be repaired or replaced with reasonable speed and similar quality. However, what is “reasonable” and what is “similar” can be a point of contention. If tenants of a property cancel their lease after a fire, and then the owner is unable to rent the property for some time after repairs are completed, the insurer will likely (and properly) not pay for loss of rent after the repairs are completed.

As an example of rental value insurance, imagine a rental house near a small grove of especially beautiful trees, which add to the rental value. A fire damages the house and kills or severely damages all the trees. As fire is a covered peril in the insurance policy, the house is repaired at the insurer’s expense. However, the repair takes four months to complete, during which time the house cannot be rented out. Further, when the owner is able to rent it out again, due to the loss of the trees, the rent must be reduced, as prospective tenants are no longer willing to pay the previous amount. Rental value insurance would cover the loss of four months’ rent and the devaluation in rental value. Options are available with respect to coverage amounts. The most expensive is “actual loss sustained.” Other options limit coverage to a maximum dollar amount or a maximum time amount; these two options reduce premiums.

INSURANCE INDUSTRY

Budget 2022: Insurers seek more tax sops to up coverage – The Times of India - 21st January 2022

Insurers are rooting for income tax sops for individuals in the upcoming Budget to boost insurance penetration in the country. The move comes at a time when awareness about having an insurance cover for protection from uncertainties such as the pandemic has hit a high. Future Generali India Insurance MD & CEO Anup Rau said the government can consider increasing the limit for health cover under section 80D from Rs 25,000 to Rs 1.5 lakh for self and family as it can help in deepening penetration of this category. “Rising medical costs and the increase in the incidence of critical illnesses make it an unmanageable expense for middle-income and lower-income groups. So, a higher tax deduction limit for health insurance plans is the need,” he said.

POLICY PITCH

- Future Generali has sought a **₹1.5L (tax sop) limit** for health insurance as against the current ₹25,000
- Edelweiss Tokio asked **not to club life insurance premium with other investments** for tax deduction
- New-age insurer Acko has asked for **home and personal accident insurance** to be included in tax exemption



Meanwhile, on the life front, Edelweiss Tokio Life Insurance ED Subhrajit Mukhopadhyay mooted that premium paid for this product must not be clubbed with other investments that are eligible for deduction under the 80C provision. Instead, the government must come up with a separate provision for this category. “Life insurance is a long-term solution, unlike other financial products which have a shorter investment horizon and are covered under the 80C provision. Currently, all financial purchases are clubbed under the same I-T deduction section (80C) capped at Rs 1.5 lakh. We expect the Budget to consider creating a separate section for tax deduction on premium paid towards life insurance,” he said. He also suggested that special incentives be considered for women who currently account for barely over one-third of the country’s life insurance covers.

(The writer is Swati Rathor.)

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Insurers tighten rules, raise rates - Deccan Chronicle - 21st January 2022

Saddled with a large number of death claims in the last two Covid waves, life insurance companies are increasing the prices of term plans, introducing tighter medical underwriting and longer waiting periods, besides increasing their reserves to combat the impact of the ongoing pandemic. Data from the Insurance Regulatory and Development Authority of India shows the death claims from both individual and group policies combined rose by 41 per cent to Rs 41,451 crore compared to a claims payout of Rs 29,793 crore during 2019-2020. While a large number of death claims continued to be reported during the first two quarters of 2021-22, the potential claims from the current omicron third wave has shown reduced severity of the disease.

R.M. Vishakha, managing director and chief executive officer at India First Life Insurance, told Financial Chronicle, "The second wave of the Covid- 19 pandemic, especially April, May and June this year, was very brutal with a high number of death claims and its impact will be there on the books, but the ongoing third wave that began in December 2021 is more benign and we have not seen a substantial increase in the reporting of death claims. So, the claims outlook is cautiously optimistic." "We don't see a need to increase our reserves as the third wave is not that severe. However, we have introduced a 30-day waiting period for those who are infected with Covid and want to buy a term plan. The waiting period could be up to six months for those suffering from major co-morbidities. We are also taking a lot of preventive action. For instance, with our bank promoters, we are ensuring that more and more people get vaccinated," added Vishakha.

ICICI Prudential Life Insurance that announced its earnings this week had Covid-19 claims (net of reinsurance) of Rs 982 crore in the nine months ended December 31, 2021. This was Rs 862 crore for the first six months (H1FY22) of the fiscal. The company was carrying a provision (net of reinsurance) of Rs 203 crore for Covid claims as of Q3FY22 compared to Rs 412 crore in Q2FY22- this was towards future claims, including IBNR claims (incurred but not reported). The management cited that it may receive comfort on potential claims from the current omicron wave given the reduced severity of the disease. While most life insurance companies filed for a steep increase of 65-70 per cent in term premium rates, they have been forced to moderate the hikes to not more than 25 per cent under regulatory pressure.

Says an actuary, "If the mortality experience turns worse in the long run, it will reflect in the pricing. Already life insurers have launched new products with a substantial increase in term rates. "Besides risk measures will change, for instance, whether a health insurance policy will pay for multiple Covid claims during a year?" Insurers have started to look at these aspects. While these are early days, companies will have to make some initial adjustments, sources said.

(The writer is Falaknaaz Syed.)

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Insurance education must go mainstream - Asia Insurance Review - 21st January 2022



With major changes expected in the educational sector in India in 2023, it is the right time for insurance courses to get a push across universities and colleges in India, said speakers on the second day yesterday of the India Rendezvous that was held virtually. University of Mumbai Academic Council member Dr Madhu Nair said that there is huge potential in India for insurance courses and these can be brought in as a new programme in the curriculum of various universities across India. "There is ample scope to develop insurance education in India and also to train faculty members from colleges in the nuances of insurance," he said.

Online insurance training

Another speaker, National Insurance Academy director Mr G Srinivasan, said that the insurance industry in India has tremendous growth potential over the next decade and will need quality trained talent. The COVID-19 pandemic, he said, has opened the door for online education and a hybrid system will be the future of insurance education. "One of the advantages of the online model is that we are able to conduct programmes for students across the world and also get highly qualified experts to take classes from different parts of the world," he said. College of Insurance, Insurance Institute of India, director Mr M C Chaturvedi said that the hybrid model of education has been accepted worldwide and is here to stay.

Building agricultural resilience

Agriculture was also on the agenda of the India Rendezvous. Earth Analytics India's co-founder Michael Anthony explained how gathering data is crucial to attracting investments to support India's agricultural sector. He said, "Soil degradation is a relevant problem in South Asia. It's a global problem but it's also very pertinent in India. India has a total land area of 330m hectares, and about half of it is being degraded. The government has committed to restore a lot of land in the current decade. "But, of course, all that needs to be financed. And there needs to be a tool to monitor those efforts, particularly when it's limited financing because those that are financing want to see evidence that this land is being restored."

Carbon

Mr Anthony added that this presents opportunities for the insurance industry to connect India's farmers to the global carbon market. "There is certainly a market here that carbon investors can tap into, and those carbon investors will need or will require some more protection to make available their capital. This is where insurance, and particularly reinsurance, will come in," he said. And the opportunities go beyond just providing protection. Mr Anthony said, "The insurance industry has a role to play in the carbon market, not just as a buyer of carbon certificates, which they are also doing, but also in making available their risk capacity, and their risk assessment, knowledge and capacity to make such structures – possible."

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Insurance industry seeks cut in GST, increase in 80C investment limit in Budget 2022 - The Economic Times - 20th January 2022

The insurance industry is recovering from an extraordinary year in which life insurance claims surged due to the Covid-19 pandemic. The surge in claims and the attendant payouts that both life and medical insurance companies faced this fiscal has led to a steep 30% rise in premiums as reinsurers look to recover their losses. Though insurance premiums in India are still lower compared to many markets, the hefty premiums could impact demand at a time when awareness for life and health insurance is high. The insurance industry has been asking for rationalising GST and increasing the investment limit to buy insurance.

Source: IRDA Annual Report 2020-21

| DEATH CLAIM, IN ₹ CRORE | | |
|-------------------------|---------|---------|
| | 2019-20 | 2020-21 |
| LIC | 17,505 | 23,879 |
| Pvt insurers | 12,289 | 18,080 |
| Total | 29,794 | 41,958 |

Source: LIC

BUDGET RECOMMENDATIONS

- Reduce GST on insurance to 5% from 18% currently
- Increase 80 C investment limit to Rs 2 lakh to allow people to buy insurance; the present Rs 1.5 lakh limit is low and include multiple options
- Make annuity income tax free
- Double medical insurance limit under Section 80D to Rs 50,000 in light of higher medical expenses post Covid
- Fix the tax anomaly between pension plans and NPS — pension plans from insurance companies are not eligible for the additional tax deduction of Rs 50,000 that is available to NPS under Sec 80CCD(1b).

(The writer is Joel Rebello.)

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Budget Expectations 2022: Give capital gains from MFs same tax benefits as given to ULIPs - Financial Express – 20th January 2022

The long-term capital gain (LTCG) arising out of the sale of listed equity shares and units of equity-oriented mutual fund (MF) schemes (after 1 year from the date of investment) are now taxed at the rate of 10 per cent, if the total LTCG in a financial year exceed Rs 1 lakh (gains up to January 31, 2018 being grandfathered). On the other hand, the proceeds from maturity of unit linked insurance plans (ULIPs) of insurance companies (including early surrender and partial withdrawals), are exempted from income tax u/s 10(10D) of the Income Tax Act, if the sum assured in a life insurance policy is at least 10 times the annual premium and withdrawn after a lock-in period of of 5 years, even though ULIPs are also investment products that invest in equity stocks, just like MFs and with added advantage of tax deduction u/s 80C of the Income Tax Act on the premium paid.

Finance Act 2021 has removed the benefits of Section 10(10D) in case the premium exceeds Rs 2.5 lakh. However, still there is no parity of tax treatment between MF units and ULIPs. So, there is still a lack of parity in tax treatment between MF schemes and ULIPs. Hence, the Association of Mutual Funds in India (AMFI) has proposed the government to bring parity in tax treatment in respect of capital gains on withdrawal of investments in ULIPs and redemption of MF units, in order to bring about a level playing field between ULIPs and MF schemes. “There is also a significant revenue leakage on capital gains from ULIPs, especially from HNI segment, which needs to be plugged, considering the potential loss to the exchequer if this loophole / arbitrage is continued,” said AMFI in its proposal for the Union Budget 2022-23. Justifying the demand, AMFI further said, “Although ULIPs are considered as insurance products for tax purposes, ULIPs are essentially investment products that invest in securities like mutual funds, but with insurance benefits.”

(The writer is Amitava Chakrabarty.)

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IFSCA inks deal with Insurance Institute of India for capacity building – ANI News – 19th January 2022

The International Financial Services Centres Authority (IFSCA) has signed a Memorandum of Understanding (MoU) with the Insurance Institute of India for capacity building in insurance sector, according to an official statement released on Wednesday. As per the agreement, the Insurance Institute of India (III) would undertake a study to make changes to the academic curriculum in meeting the current needs of the insurance industry participants in IFSCA with the view to introduce certificate courses and professional examinations. The Insurance Institute of India would be working on fulfilling the medium- and long-term capacity building requirements of insurance professionals resulting into deepening of insurance business activities in the IFSCA, the statement said.

The Insurance Institute of India, which functions under the Ministry of Finance, is involved in devising and continuously upgrading the curriculums and imparting the training programmes for the professionals in the insurance industry in India and abroad. The certification by the institute is recognised by the insurance industry, regulators, and other internationally reputed insurance education providers. The institute is also the member of the Institute of Global Insurance Education (GIE). IFSCA’s regulatory framework for insurance requires periodic professional examinations and training. III would design and conduct such examinations and training for professional in IFSC which would aid in having skilled talent in IFSC eco-system.

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Risk mitigation in insurance key to drive penetration: Official - The Economic Times - 19th January 2022

Mitigation of risks is key to drive penetration of insurance products in the country with the sector having potential to become a catalyst for economic growth, an official of the Union Finance Ministry said on

Wednesday. Speaking at a webinar on insurance organised by the Confederation of Indian Industry, Department of Financial Services Joint Secretary Saurabh Mishra said there was a 12 percent growth in insurance penetration last year. Both the government and the Insurance Regulatory and Development Authority of India are working together on how to drive the penetration of products, innovation and distribution, he said.

The government, in 2021, had increased the foreign direct investment limit for the sector from 49 percent to 74 percent with an aim at increasing coverage, the official said. This would bring in more capital and help insurers design innovative solutions for people, Mishra said, adding that the sector can become a catalyst for economic growth. He cautioned against risks, both cyber and those arising out of business interruptions.

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India Virtual Rendezvous points to urgent need to bridge BI insurance gap – Asia Insurance Review



The ongoing COVID-19 pandemic has exposed massive business interruption (BI) protection gaps, highlighting a fundamental mismatch between economic losses and insurers' risk-taking capacity, Dr Kai-Uwe Schanz, deputy managing director and head of research & foresight at The Geneva Association, said yesterday.

He was speaking at the 15th India Virtual Rendezvous, with the theme, 'Towards a sustainable and resilient Indian insurance market—the way ahead', which kicked off yesterday on a special online platform. The annual event, jointly organised by Asia Insurance Review and GIC Re, provides a forum for insurers, reinsurers as well as intermediaries to come together to take stock of the state

of the insurance and reinsurance market in India. The three-day event this year, with over 700 registered participants from 15 countries, hopes to serve as a catalyst for the industry to chart out a framework for a more sustainable and resilient Indian insurance industry.

Dr Schanz added, "As opposed to business continuity, pandemic life and health risks are generally non-systemic and privately insurable." In order to distinguish between uninsurable and insurable parts of pandemic risks, he said that it is important to understand the differences between pandemic and other catastrophic risks. "Any insurance-based pandemic risk scheme will depend on risk sharing across various sectors of the economy," he said. He spoke too of how insurers can play an important role by sharing their infrastructure and expertise with governments thus making public-sector responses to future pandemics more effective and efficient.

Indian market is resilient

In his special welcome address Mr Devesh Srivastava, chairman and managing director of GIC Re, said that the Indian insurance market has always been resilient and has met its obligations even in the worst of catastrophic events. "The future presents a much more challenging landscape as the nation moves towards greater self-reliance and an unprecedented developmental agenda," he said. Speaking about sustainable insurance, he said, "It promotes a risk-aware world, where the insurance industry is trusted and plays its full role in enabling a healthy, safe, resilient and sustainable society."

Speaking about pricing the risks, Mr Srivastava said, "Insurance thrives on risk appetite and the pandemic has diluted the tolerance of both individuals and corporates. A total relook at the risks, perceived or otherwise, has happened and everyone seems to be seeking more cover. Pricing is the key here if we are to look at sustainability."

Reinsurers resilient despite COVID challenges

In his international keynote address Mr Vincent Foucart, Deputy CEO of SCOR P&C Partners, said that the reinsurance industry has one specific feature that it shares with no other sector, that of being structurally exposed to extreme events and shocks. "Reinsurance is a risk processing plant covering economic agents against shocks which enable investments and prosperity development," he said. Highlighting the challenges faced by the industry from the COVID-19 pandemic, he said that this could be the costliest reinsurance event ever but the reinsurance sector's financial strength is rather unchanged. The reinsurance industry, he said is playing its resilient shock-absorbing role.

"Protecting the welfare of citizens and communities is an integral part of the reinsurance industry's corporate mission," he said. Reinsurers, he said have a pivotal role to play in facilitating comprehension, mitigation and protection with regard to risks arising from sustainability and this is because of their deep expertise in data analysis and their shock-absorbing capacity. "Reinsurers are in a unique position to protect societies and the economy to bring resilience and contribute to sustainability," he said. The India Rendezvous, an annual event launched in 2008, has over the years evolved to become the flagship event for the Indian insurance market and is also a thought-leadership platform with several global CEOs sharing their insights. Over the years the event has received support from IIS, UNCTAD, Geneva Association and FAIR. The event this year is sponsored by dacadoo, Moody's, SCOR, RMS and ACE Insurance Brokers.

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Moody's upbeat on premium growth of Indian insurers - The Economic Times - 19th January 2022



Chennai, Indian insurers are expected to see a jump in their premium income during the post-pandemic economic recovery phase driven by health and protection policies, said global credit rating agency Moody's Investors Service. In its latest report on the Indian insurance sector, Moody's said that the Central government's plans to infuse capital into state-owned insurers, and listing of Life Insurance Corporation of India (LIC) will encourage disciplined underwriting of risks in general and life sectors.

This will pave the way for price increases across the market, further supporting insurers' profitability. "However operational and legislative obstacles have delayed these plans before which make unclear when the reforms will reach completion, although the LIC listing is on track for completion soon. Rising reinsurance costs due to a global increase in catastrophe events also favour higher insurance prices," Moody's said. According to Moody's, the government-owned general insurers accounted for 67 per cent of the general insurance market's underwriting losses in FY 2020, while their share of total premiums was just 37 per cent. More positively, state-owned insurers' underwriting losses have actually already started to decline recently, reflecting their closer focus on underwriting performance, it said.

Rising premiums and prices, in turn, will help insurers absorb higher claims, which pushed the average net loss ratio for general insurers to 95 per cent in the first three months of fiscal 2021 from 81 per cent in the previous year, Moody's said. In anticipation of profitable growth opportunities, 20 of India's 34 general insurers and four of its 24 life insurers raised capital in fiscal 2020. Insurers will continue such transactions in the coming months, which will improve the Indian insurance sector's capital adequacy and financial flexibility, Moody's said.

"The Indian insurance industry's growth prospects are favorable, underpinned by an expected 9.3 per cent GDP (gross domestic product) expansion in fiscal 2021, which ends March 2022, and by strong demand for health insurance in the wake of the pandemic," said Mohammed Ali Londe, Moody's Vice President and Senior Analyst. Moody's said the total premiums grew nine per cent in the first nine months of fiscal 2021, slightly ahead of the 8.6 per cent increase in fiscal 2020, with general insurance

premiums (including health) up 11 per cent and life new business premiums rising seven per cent. Robust premium growth is positive for Indian insurers' profitability, which is currently weak because of persistently low prices and the rising cost of claims, Moody's said.

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Busting myths about Indian insurance market – CNBC - 18th January 2022

Insurance is a crucial but often misunderstood financial solution in the industry. It is perceived as a product largely purchased by consumers in larger cities, while needing a constant push for acceptance in smaller towns. In the recent past, however, as new-age digital transaction ecosystems proliferated, Insurance and other financial products have become more accessible to everyone. Moreover, a few simple taps on a smartphone are all it takes to get an Insurance policy, thus changing the Insurance landscape as we know it. In this month's Pulse insight, we explore some myths around Insurance and debunk them using the PhonePe data.

Myth 1 - Big cities are the biggest markets for Insurance

Since metro cities are perceived as being more developed, and in some cases they also have a higher population, the popular perception is that a majority of insurance policies are purchased by metro residents. As per the PhonePe Pulse data, a whopping 78 percent of all Insurance purchased on PhonePe is from non-metro cities. The non-metros having such a significant share of the Insurance market proves that Indians understand the importance of Insurance and are comfortable enough to buy it through a reliable mobile app without the intervention of an agent at every step of the process. The other assumption would be that this number may be true for simple Insurance products like an Accident cover or a Two-wheeler cover. However, 67 percent of all sales for Aarogya Sanjeevani are from non-metro cities. Similarly, 80 percent of 1-year Term Life and 76 percent of Endowment plans are purchased from non-metros, indicating that the non-metros hold on to a significant market share of Health as well as Life Insurance - two of the biggest Insurance products in the industry.

Myth 2 - Insurance buyers only look at price while selecting the right plan

PhonePe serves Insurance customers in more than 22.5K pin codes in the country with Motor Insurance penetration in nearly all of the 1220 RTO jurisdictions in the country. Based on the data thus collected, we found that while pricing is definitely a key factor, it does not take priority over other aspects of an Insurance policy. In the case of Two-wheeler Insurance, for instance, PhonePe users are willing to choose a Comprehensive cover over a Third-party cover although the former is 10-15 percent more expensive. A similar trend can be observed with Car Insurance as well. This proves that users pick what's best for them and are willing to pay more.

Myth 3 - Indians are not aware of the benefits of Insurance

A common myth when it comes to Insurance offerings is that Indians need to be convinced a great deal to buy Insurance. However, with Covid Insurance - a new offering introduced on PhonePe last year - we found that when there is a clear need, users do not need convincing to buy it. As per the PhonePe Pulse data, 2.5X policies were sold in August 2020 - since the product's launch in March 2020 - indicating a significant spike within the first three months of the product being rolled out. Added to this is the fact that 71 percent of Covid Insurance buyers on PhonePe were from non-metro geographies further proving that Indians understand Insurance and are willing to buy it when there is a need.

Moreover, when news about the second wave of Covid began to do the rounds, Indians had the foresight to buy Covid Insurance beforehand. 85 percent of Covid Insurance users on PhonePe purchased the cover before Feb 2021, much before the rise in cases in April 2021. In conclusion, the Indian Insurance landscape is changing drastically, with small towns taking the lead in every Insurance category - be it Life, Health, or Motor Insurance. People in small towns are more connected, well equipped with necessary information, and are willing to adapt to an ever-changing environment leading to a massive Insurance consumption revolution.

(The writer is Karthik Raghupathy.)

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INSURANCE REGULATION

IRDAI Opposes Steep Hike in Term Premia – Financial Chronicle – 18th January 2022

The Insurance Regulatory and Development Authority of India (IRDAI) has opposed life insurance companies' plan to steeply hike term premium rates. Most life insurance companies that had filed for a large revision in term insurance premium rates have been asked to refile their products, as the regulator has capped the increase to 25 percent, besides asking the insurers to improve their retention limits (ability to take risk on their books). According to industry officials, life insurers on an average had sought to increase term rate by 65-70 percent after being saddled with a large number of Covid death claims and subsequent increase in reinsurance rates. Reinsurance is provided by reinsurers, like GIC Re or Swiss Re, who provides financial protection to insurance companies by taking all or a part of the risk covered under a policy issued by an insurance company for a price. Global reinsurance companies have nudged domestic insurers to hike rates after taking a hit on the Covid pandemic claims.

Vighnesh Shahane, MD & CEO at Ageas Federal Life Insurance told Financial Chronicle, "Yes, life insurance companies had gone to the Irdai to increase the term premium rates as the reinsurance rates have risen by 10 to 40 per cent depending on the volume and quality of business that an insurer underwrites with the reinsurers. But the Irdai has conveyed to the industry that for both group term and individual term policies the cap to increase rates is 25 per cent. This is keeping the customer-centricity in mind and to ensure that the term products remain affordable." "We have different premium rates for different age groups and are now revising our product to comply with the regulatory requirements," added Shahane.

A source said, "The Irdai wants to protect the customers and ensure that they are not unnecessarily charged a high rate. For some companies, even 5 per cent increase in rate could be a steep increase as its rates were already very high while for some companies, a 20-30 per cent revision in rates would not be a steep increase as their existing rates were very low as they had also reduced rates a few years ago. An increase in premium rates depends on many factors including bad claim experience." Reviewing products is a continuous process and insurers want to align the rates to their actual claim experience. But a problem now is the uncertainty surrounding the pandemic." At this time, we cannot say with certainty how the claim experience will evolve in the future. In this situation, a long time call needs to be taken. Also, the Irdai has to see that a steep increase in rates is justifiable with the claim experience," the source said. ICICI Prudential Life Insurance and HDFC Life Insurance that recently revised term products with steep increases in rates refused to comment as they are in a silent period before their earnings.

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LIFE INSURANCE

Your Money: Ulips make a strong comeback in 9MFY22 - Financial Express – 21st January 2022

The three key messages coming out of the life insurance sector's 9MFY22 new business product mix data are: (1) Unit-linked insurance plans (Ulips) are making a strong comeback; (2) pension products and non-par (savings and protection together) continue to grow strongly, but annuity and par savings seem to be struggling; and (3) the materially slow growth in sum assured from individual new business vs. premium growth very clearly reflects the slowing volume of retail protection amid multiple rounds of price hikes by leading private life insurers. These developments are the outcome of a combination of factors, including low interest rates, buoyant equity markets, increasing financial sophistication of customers and product innovation by the leading private life insurers. Thus, large private players, equipped with their superior brands and distribution network and employing their agile and innovative approaches, are well-poised to grow strongly and increase their market share.

Product mix changes

The change in new business product mix in 9MFY22 has been shaped by a combination of external factors, including a sustained low interest rate environment, buoyant equity markets and Covid-19-led dislocations (additional savings of upper middle/ affluent class but clipped savings ability of masses). These external factors, along with changing customer preferences, have driven the changes in new business mix toward Ulip, non-par and pension products.

Ulips delivered strong bounce-back

Strong equity markets and increased savings of affluent and white collared youth with higher risk appetite meant that Ulips delivered strong growth in individual regular new business (49% y-o-y to Rs 130 billion) and in individual single premium new business (85% y-o-y to Rs 43.3 billion). Non-par continued to grow sustainably, with its share in individual regular new business going to 24% in 9MFY22 from 19% in 9MFY20. This is an outcome of two factors: (1) Growing demand of guaranteed products amid depressed low interest rates offered by banks on time deposits; and (2) Multiple price hikes in retail protection in the last two years. Pension products continue to grow attractively, likely reflecting the robust demand by the customers and increased focus of leading players in this segment.

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Centre Notifies New ULIP Taxation Rules – Live Mint – 20th January 2022



The Centre on Wednesday notified new rules to calculate capital gains tax on the proceeds of high-premium unit-linked insurance policies (ULIPs), following the amendments to income tax and securities transaction tax rules. According to a notification by the Central Board of Direct Taxes, capital gains on ULIPs with annual premium of more than ₹2.5 lakh, will be calculated on payments received by the policy holder, including withdrawals and bonus.

In the Finance Act, 2021, the Centre had said that high net-worth individuals were availing the tax benefits meant for small savers through ULIPs. Allowing such exemptions in policies with a huge premium defeats the legislative intent of tax benefit, the Union finance ministry had said. Accordingly, the government sought to tax capital gains from ULIPs with an annual premium of above ₹2.5 lakh. According to the new rules, the difference between the proceeds from the scheme and the total premium paid will be considered as capital gains in the first instance and, subsequently, the gap between the incremental proceeds and premium paid will be used for computing capital gains. Long-term gains of above ₹1 lakh will be taxable at 10%, while short-term gains on the high-premium ULIPs will be taxed at a flat rate of 15%.

New rules were also notified on the liability of collection of securities transaction tax on such policies at the time of sale and reporting requirements. According to Aravind Srivatsan, tax leader at Nangia Andersen LLP, a consultancy, the amended rules prescribe form 2A as the annual return for insurance companies that has to be filed before 30 June. Tax exemption has been partially withdrawn for ULIPs purchased after 1 February 2021, while STT will be levied on all transactions irrespective of the purchase date, he said. A new income tax rule, 8AD, has also been introduced for computing capital gains on redemption of ULIP units purchased after 1 February 2021, but not exempted under Section 10(10D) of the Income Tax Act.

"With the new computation mechanism in place, such details of redemption will also be available in the new annual information statement. The details are available for taxpayers as well and this will get auto-populated in tax returns going forward," he said. Denial of tax benefits for large investments in ULIPs is not applicable in case of the death of the insured. To ensure that the tax benefits from savings instruments reach only to intended beneficiary, the government had also amended the rules applicable to

provident funds, which said interest on Employees' Provident Fund and Voluntary Provident Fund contributions of above ₹2.5 lakh in a financial year will be taxable, effective 1 April 2021. For PF accounts where there is no employer contribution, the threshold is ₹5 lakh.

(The writer is Gireesh Chandra Prasad.)

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Key factors NRIs should consider before buying a life insurance policy - Live Mint - 20th January 2022

There are various products in the life insurance space that NRIs (non-resident Indian) can consider buying. However, they must know the rules relating to purchasing life insurance in India and abroad. Under the foreign exchange management act (FEMA), NRIs and people of Indian origin (PIOs) can buy a life insurance plan. This way, NRIs can buy term insurance and other life insurance policies irrespective of the country they are staying in. The premiums can be paid through an NRO bank account, NRE/FCNR bank account, or foreign currency, keeping in mind the currency mentioned in the issued life insurance policy.

However, Aatur Thakkar, co-founder and director, Alliance Insurance Brokers, said, "To buy life insurance, NRI's should check the eligibility criteria and then, by comparing the various policies online, should choose reliable insurance. They should clearly understand the medical examination procedure and various tax laws in force in India and its location where the person is residing. One should check for tax implication at all three stages of the policy life cycle - investment, accommodation, and maturity as it is one of the key factors while investing the life insurance, for an NRI."

Policy cost: NRIs must do proper research before buying a policy. They should assess the policy cost by checking whether it will be cheaper to buy a policy in the home country or abroad.

Medical examination cost: NRIs can buy a term life insurance policy abroad. However, if they do so, they will have to undergo a medical examination abroad and send the report to the insurer in India. In that case though, they will have to bear the medical examination costs. In contrast, if they buy the policy in India, they won't have to pay additional medical examination cost. Ankit Agrawal, chief executive officer and co-founder, InsuranceDekho, said, "If the individual is outside India, for example, in UAE or Singapore, then insurers such as Tata AIA Life Insurance Company Ltd and HDFC Life Insurance Company Ltd can only offer the policy if the NRI is willing to get the medicals done at his own cost, which is generally very costly." Hence, if NRIs buy the policy during their stay in India, they will not be incurring the additional medical examination cost out of their pockets. In India, the insurer generally bears the costs of medical examination.

Taxation: When you buy term insurance in India, you get several benefits from a policy. Usually, the treatment for premium paid, maturity or death benefit is tax-free income under India's income tax rules. It is tax-free under sections 80C and 10(10D) of the I-T Act, subject to terms and conditions. However, NRIs may have to pay tax on income received abroad. The prevailing tax rules abroad decide the foreign income's taxability. Therefore, NRIs must look at tax provisions in the country of residence. Thakkar said, "If NRIs provide the valid Form 10F and Tax Residency Certificate (TRC), then there will be no deduction of Tax at Source (TDS)."

(The writer is Navneet Dubey.)

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Customer to bear MDR charges for Postal life insurance online premium payment from Jan 17, 2022 - The Economic Times - 19th January 2022

Those who have Rural Postal Life Insurance (RPLI) and Postal Life Insurance (PLI) policies will now have to bear the merchant discount rate (MDR) charges while paying insurance premiums online from Jan 17, 2022. The Department of Posts made this announcement via an office memorandum dated January 18, 2022.

According to the notification, "In pursuance of para 3(ii) of Department of Expenditure (Ministry of Finance) 0/o Controller General of Accounts OM no. R-18o001/1/2020-GBA CGA/918-1068 dated 17.09.2021, "no MDR shall be paid by the Government portal to the Authorized Acquirer Bank and their PGs/PGAs. All MDR charges would be paid by the Customer/Card Holder.", the necessary orders are being implemented for PLI/RPLI online premium payment transactions. In light of above, MDR charges shall henceforth be paid/borne by the 2. customer/card holder, wherever applicable for the online PLI/RPLI premium payment transactions w.e.f 17.01.2022." MDR is a fee that a merchant is charged by their issuing bank for accepting payments from their customers via credit and debit cards.

Rural Postal Life Insurance (RPLI)

Rural Postal Life Insurance (RPLI) was introduced for rural communities in India on March 24, 1995. Only 22% of the country's insurable population was insured in 1993, according to the Malhotra Committee, and life insurance assets accounted for only 10% of total household savings, according to the website. The scheme's main goal is to give insurance coverage to the rural population in general, with a focus on the weaker sections and women workers in rural areas, as well as to raise insurance knowledge among the rural population.

Who are covered under Postal Life Insurance?

PLI (Postal Life Insurance) was first implemented on February 1, 1884. It began as a postal employee social program and was later expanded to include employees of the Telegraph Department in 1888. Employees of the national and provincial governments, central and state public sector undertakings, universities, government-aided educational institutions, nationalised banks, local governments, autonomous bodies, joint ventures with a minimum of 10% government/public sector stake, credit cooperative societies, and other entities are now covered.

(The writer is Sneha Kulkarni.)

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How capital gains on Ulips will be calculated: CBDT notification - The Economic Times - 19th January 2022



In Budget 2021, it was announced that if the annual premium of ULIP investments is more than Rs 2.5 lakh (i.e., high value premium policies), the return earned will not be tax exempt. Now, the Central Board of Direct Taxes (CBDT) has issued a notification explaining how the capital gains on unit-linked insurance policies (ULIPs) will be computed. The basic framework suggested by CBDT takes consider of all payments received by the policy holder as income whether it is for withdrawal or as bonus. For computation of gains, CBDT in its circular issued on January 19, 2022, has suggested that the total premium paid till date should be deducted from the income received till date to arrive at the capital gain amount.

However, if there are multiple payments during the tenure, then the amount considered for premium capital gain calculations will not be considered for subsequent capital gain calculations. What it means is that once the capital gain is filed, then for the next capital gain calculation only fresh income received and fresh premium paid after the computation will be considered.

Here is what the CBDT notification states:

In the Income-tax Rules, 1962, after rule 8AC, the following rule shall be inserted, namely:-"8AD Computation of capital gains for the purposes of sub-section (1B) of section 45-(1) Where any person receives at any time during any previous year any amount under a specified unit linked insurance policy, including the amount allocated by way of bonus on such policy, then, -

(i) where the amount is received for the first time under the specified unit linked insurance policy during the previous year, the capital gains arising from receipt of such amount by such person during the previous year in which such amount is received shall be calculated in accordance with the formula:-
A-B

where, - A= the amount received for the first time under a specified unit linked insurance policy during the previous year, including the amount allocated by way of bonus on such policy; and B = the aggregate of the premium paid during the term of the specified unit linked insurance policy till the date of receipt of the amount as referred to in "A";

(ii) where the amount is received under the specified unit linked insurance policy during the previous year, at any time after the receipt of the amount as referred to in clause (i), the capital gains arising from receipt of such amount by such person during the previous year in which such amount is received shall be calculated in accordance to the formula,-
C-D

where, - C= the amount received under a specified unit linked insurance policy during the previous year, at any time after the receipt of the amount as referred to in clause (i), including the amount allocated by way of bonus on such policy excluding the amount that has already been considered for calculation of taxable amount under this sub- rule during the earlier previous year or years;

and D = the aggregate of the premium paid during the term of the specified unit linked insurance policy till the date of receipt of the amount as referred to in "C" as reduced by the premium that has already been considered for calculation of taxable amount under this sub-rule during the earlier previous year or years.

(2) The capital gains as computed under clause (i) or clause (ii) of sub-rule (1) shall be deemed to be the capital gains arising from the transfer of a unit of an equity oriented fund set up under a scheme of an insurance company comprising unit linked insurance policies.

Earlier any gains made on ULIPs were completely tax free, however, after the Budget 2021 proposal the maturity amount remains tax free only if the aggregate annual premium is up to Rs 2.5 lakh a year. If the annual premium goes above Rs 2.5 lakh then one has to pay capital gains tax on any income earned on it.

(The writer is Naveen Kumar.)

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No instant term insurance for covid survivors – Live Mint – 17th January 2022

Covid-19 cases have been surging over the three weeks and there's a lack of clarity around the after-effects of omicron. Amid this ambiguity, getting a term insurance might take longer for those who have recovered from covid. To balance policy issuance with claims, many life insurers are now insisting on a three-month wait period for covid survivors who want to buy a term insurance policy. Yogesh Aggarwal, founder at Onsurety, said, "The recent trend of insurance companies insisting on a waiting period varies between a minimum of one month to three months for covid-19 infected people." He further said, "The second wave has been a catastrophic event with the profound economic and social loss for all of us, leading to larger pay-outs for insurance companies as well. The year 2021 witnessed a substantial increase in the number of policies sold. To balance policy issuance with claims and to ensure that there is no misleading information on the declared health condition, the insurance companies have put risk assessment practices in place for safeguarding genuine customers' interest while keeping a check on the rising life insurance premium cost."

Sajja Praveen Chowdary, head, Term Life Insurance, Policybazaar.com, said, "Term insurance policy covers your life for a considerable amount at a nominal premium. In term policies, underwriters across the world are paying extra attention for ages now in case of any medical condition occurred six months prior the policy application date." Therefore, insurers are also demanding extra medical tests to assess the risk and severity of infection for those who have not purchased the term policy yet. "Pre-Covid, the number of individuals who had any health issues with themselves or family in the past six months would have been small. But, given the way omicron Covid infection cases have been, this number has automatically increased because many have turned positive in recent days. As a result, the term

insurance policy proposal gets into the zone of inspection where extra medical tests are inquired for or might get postponed for three months. And as people are getting cautious of stepping out of their homes due to omicron Covid infection, it is understandable from their viewpoint that they don't wish to go out for medical tests or let somebody come to their homes to collect samples. Conversely, it becomes challenging for the insurer to accept the risk and issue a term insurance policy without assessing the risk accurately in the absence of fresh medical reports," said Chowdary.

(The writer is Navneet Dubey.)

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Budget 2022: You will get these benefits by getting separate tax exemption on life insurance - Money control - 17th January 2022



Life insurance companies want separate tax rebate on life insurance premium. At present, life insurance premium is exempted from tax under section 80C of Income Tax. Under 80C, tax exemption is also available on mutual fund investments, tuition fees, home loans, PPF and many other expenses. Due to this, there is not much scope for tax exemption for life insurance premium.

Life insurance companies believe that getting a separate tax exemption on life insurance premium will increase the interest of people in getting insurance. He has recommended this to Finance Minister Nirmala

Sitharaman. At present, a person can get tax exemption by investing Rs 1,50,000 lakh annually in any investment medium covered under 80C. There is no separate limit for life insurance premium.

Karthik Raman, CMO and Head of Products, Aegis Federal Life Insurance, says that at present, the limit of Rs 1,50,000 under Section 80C of Income Tax for tax rebate includes several things. This does not leave much scope for life insurance. "We want a separate bucket for life insurance," he said. Life insurance companies also want tax exemption on annuity. At present, tax is levied on the amount of annuity in hand. Since it is treated like salary, due to which it is taxed. But, the fact is that it cannot be considered as a regular source of income. It is an alternate source of income for retired people. Keeping it out of the tax net will greatly benefit retirees. Raman said, "Cost of living is increasing. Hence, tax on annuity does not look right. We have recommended to the government to bring it as section 10(10D). Tax on life insurance benefits including bonus under section 10(10D). discounted." He said that if the government accepts both our demands, then we will be very happy.

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Protect yourself from these common mis-selling ploys insurance agents use - Business Standard - 16th January 2022

Mis-selling is a sales practice where the insurance policy is deliberately misrepresented for the sole purpose of sales. According to the Insurance Regulatory and Development Authority of India's (IRDAI's) annual report for 2020-21, "Analysis of channel wise mis-selling complaints shows that banks and broker channels received more mis-selling complaints than other channels." Most sellers are well-intentioned and try to help customers choose policies suitable for their needs. But, there are always some--and they aren't just banks and brokers, but also individual agents, direct selling agents, and corporate agents--who indulge in this practice. Here are some ways, according to the report, that mis-selling happens and what you can do about it.

Here the banker will bundle the policy by making it conditional for availing bank services. One may try to force-sell you a policy bundled as part of a banking product. A very common one is, when an investor

takes a home loan from the bank, the bank very often bundles an insurance policy premium to cover the home loan taken. Dilshad Billimoria, board member, Association of Registered Investment Advisors (ARIA), says, "What's worse is that sometimes, the bank even adds the premium amount as part of the loan disbursed. This means you are paying interest on the premium for the home loan mortgage and buying insurance on borrowed funds. This is definitely not a pre-requisite, and the borrower must get the note removed from the policy conditions of a loan agreement from the bank." While it is good to have a cover on the home loan taken, the borrower is under no obligation to take a mortgage policy at all, let alone one from the bank disbursing the loan. There are no mandatory guidelines on this. Billimoria says, "A pure term insurance plan is a better option. Always compare the best options from various providers. One may even consider a single premium option."

This mis-selling practice involves splitting of policies wherein multiple policies are issued to the same proposer at the same time. Pankaj Mathpal, managing director and chief executive officer (CEO), Optima Money Managers, says, "Suppose you are to buy a single policy for premium of Rs 50,000. The agent persuades you instead to buy 5 policies with a premium of Rs 10,000 each. He convinces you that you will be able to afford the premium of at least few policies in the future especially in case of a cash crunch." If you feel you'd be able to reduce future policy lapse risk due to a possible un-affordability of premium using this method, be aware that this isn't actually in your best interest. Mathpal says, "This becomes very expensive, because first you miss out on a discount offered on a larger sum assured. Besides, the total premium paid on multiple policies will be higher than that of a single plan. Put simply, the agent suggests splitting to meet his target." Here, false or mis-leading information about policy features is shown. For instance, an incorrect explanation of product features and benefits by the salesperson sourcing the business. Sometimes a high-premium policy is sold in such a way that you don't realise the future money commitment.

Incorrect premium-paying term and policy term is explained to policyholder, especially in cases where a regular premium paying product is sold as single premium product. Melvyn Joseph, a Sebi-registered investment adviser and founder of Finvin Financial Planners, says, "The layman doesn't understand the jargons or calculations of insurance, especially when the savings element is part of the plan. Distributors and agents get huge commissions to sell such savings products. If the buyer really goes through the terms and conditions and understands them, he will immediately cancel the policy in the free look up period itself. Always go for simple products which are easy to understand, like a term plan." In short, experts are simply suggesting you select term plans and ignore all other types of life insurance, such as whole life, endowment policies, money-back policies and savings and investment plans. You get peanut returns of 3-4 percent on such savings plans. Note that term insurance, like endowment and money-back plans, is not an investment product, but an income replacement product. Hence a term plan works better.

Free look: Here the free look cancellation requests are rejected by sales personnel not authorised to take such decisions. The law allows policy holders 15 days as a free-look period from the date of receipt of policy document. It's 30 days in case of electronic policies and policies sourced through distance mode. The policy holder is allowed to cancel the policy during this period and get a refund. Joseph says, "If you get the policy via courier, you have a way to prove the date you received the policy. When it comes to individual agents, they pick the policy from the insurer to hand-deliver it to you, but purposely delay the delivery and give it to you after the free-look period." In such a case, you are not able to cancel the policy. In fact, experts said that most people are not even aware of free-look period. Mathpal says, "If your agent hand-delivers the policy ensure you take the agent's signature and mention the date of policy receipt.' It is the responsibility of the policyholder to prove the date of receipt of policy document.

The investor must understand the best way to limit the loss. Mukul Chopra, senior partner, Victoriam Legals-Advocates and Solicitors says, "If the free-look period of the policy is not over then the buyer can immediately return the policy and ask for a refund." Usually, insurance companies provide a 15- or 30-day free-look period, and it would be a safe escape to have the policy cancelled in such time. One can

even lapse or surrender the policy, but it's best to consult a financial advisor, not the insurance agent, before making this choice. Surrendering the policy means stopping payment of premium and cancelling the policy contract before the stipulated maturity date. Chopra says, "For a policy to be eligible for surrender i.e. to have acquired a surrender value, premiums should have been paid for at least three years in case of traditional policies excluding ULIPs, or as specified in case of other policies." As surrender of a policy, even if mis-sold, would lead to a heavy loss, one can meet one's funding needs by taking a loan from the insurance company against the cash value accumulated in a policy. Chopra adds, "As long as the interest cost of the loan is less than the yield from the policy you can use the loan to fund the future premium payments and finally encash the policy on maturity, thereby avoiding a loss." Nikhil Varma, managing partner, Miglani Varma & Co-Advocates, Solicitors and Consultants says, "However, if you come to learn or understand that you were mis-sold the policy only later, it is advisable to wait for the expiry of the lock-in period and exit thereafter. One may, otherwise, approach the insurer or the regulator to have their grievances redressed."

(The writer is Bindisha Sarang.)

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How much money did Indians get as life insurance death claim in 2020-21? - The Economic Times - 16th January 2022

We are in year three of the novel coronavirus pandemic. And last year, i.e., 2021, we saw the worst of what Covid-19 could do during the second wave. Lakhs lost their lives and scores more suffered financially. Life insurance was something that many had to dip into to help them tide through these unprecedented times. According to the Insurance Regulatory and Development Authority of India's

| Insurer | Total Claims | | Claims Paid | | Claims Repudiated/Rejected | | Unclaimed | | Claims pending at end of the period | |
|---|-------------------------------|-------------------------------|------------------------------|------------------------------|----------------------------|--------------------------|-------------------------|--------------------------|-------------------------------------|--------------------------|
| | No. of Policies | Amount | No. of Policies | Amount | No. of Policies | Amount | No. of Policies | Amount | No. of Policies | Amount |
| Individual Life Insurance Business | | | | | | | | | | |
| LIC | 9,46,976 (100.00) | 19,105.34 (100.00) | 9,33,889 (98.62) | 18,295.58 (95.76) | 9,465 (1.00) | 280.85 (1.47) | 1,897 (0.20) | 236.49 (1.24) | 1,725 (0.18) | 292.42 (1.53) |
| Private | 1,54,331 (100.00) | 9,121.95 (100.00) | 1,49,734 (97.02) | 8,125.92 (89.08) | 3,094 (2.00) | 643.85 (7.06) | 173 (0.11) | 21.34 (0.23) | 1,330 (0.86) | 330.85 (3.63) |
| Total | 11,01,307 (100.00) | 28,227.29 (100.00) | 10,83,623 (98.39) | 26,421.50 (93.60) | 12,559 (1.14) | 924.70 (3.28) | 2,070 (0.19) | 257.83 (0.91) | 3,055 (0.28) | 623.27 (2.21) |

(IRDAI) annual report for 2020-21, in the individual life insurance sector, life insurers paid 10.84 lakh claims out of a total of 11.01 lakh claims in 2020-21, for a total benefit amount of Rs. 26,422 crore. The number of claims repudiated was 9,527 for an amount of Rs 865 crore and the number of

claims rejected was 3,032 for an amount of Rs 60 crore. The claims pending at the end of the year was 3,055 for Rs 623 crore.

According to the annual report, "Insurers were directed to settle COVID-19 death claims expeditiously, by developing a quicker claim settlement process to suit the emerging situation."

| Claims Reported | | Claims Settled | | Claims Repudiated | | Claims Outstanding | |
|------------------|-----------------|------------------|-----------------|-------------------|-----------------|--------------------|-----------------|
| Number of claims | Amount of claim | Number of claims | Amount of claim | Number of claims | Amount of claim | Number of claims | Amount of claim |
| 21,836 | 1,617.45 | 21,304 | 1,418.71 | 175 | 81.18 | 357 | 117.56 |

According to the IRDAI's annual report for 2019-20, in the case of individual life insurance

business, the life insurance companies have paid 8.46 lakh claims on individual policies, with a total payout of Rs 18,042 crore in the year 2019-20. The number of claims repudiated was 8,927 for an amount of Rs 555 crore and the number of claims rejected was 2,262 for an amount of Rs 20 crore.

How to make a life insurance death claim?

According to IRDAI's consumer education website, when a person with a life insurance policy dies a claim intimation should be sent to the insurance company as early as possible. The assignee or nominee under

the policy can do this. So can any close relative or the agent who handles the policy. The claim intimation should contain information like the date, place and cause of death. The insurance agent has the duty to help the life assured's family/ assignee to deal with the insurance company to fulfil the formalities for a claim.

The life insurance company will ask for the following documents:

Filled-up claim form (provided by the insurance company)

- Certificate of death
- Policy document
- Deeds of assignments/ re-assignments if any
- Legal evidence of title, if the policy is not assigned or nominated
- Form of discharge executed and witnessed
- Other documents such as medical attendant's certificate, hospital certificate, employer's certificate, police inquest report, post mortem report etc could be called for, as applicable.

If the insurer is satisfied with the genuineness of the claim, it will inform the claimant accordingly and pay the death claim amount.

(The writer is Sneha Kulkarni.)

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Life insurers seek separate bucket for life insurance premium, tax-free annuity in Budget - Financial Express - 16th January 2022

The life insurance industry has recommended the government to create a separate bucket for tax rebate under section 80 (C) and make annuity tax-free for the benefit of subscribers as part of its demand for the next Union Budget to be unveiled in February. The Rs 1,50,000 limit for tax rebates is a pretty cluttered bucket and it does not give much space for the life insurance premiums (to get the full benefit of tax exemption), Karthik Raman, CMO and Head – Products, Ageas Federal Life Insurance, told PTI. “We want to create a separate bucket from the tax benefit in terms of rebate because section 80 (C) has a limit of Rs 1,50,000 and everything comes under that like PPF is part of it, and if one has a home loan then for all practical purposes, it is gone. “So, we would like to have a separate amount of money earmarked for investment in life insurance for tax rebates,” he said on behalf of the industry.

Finance Minister Nirmala Sitharaman is scheduled to present the general budget for the next fiscal on February 1. Also, the industry would like the annuity products to come under tax rebates. Today, the annuity at the hands of the receiver or annuitant is taxable. An annuity is viewed as salary and hence it is taxable. However, typically annuity is received by people who are moved out of the regular source of income and they look at an annuity as an alternate source of income.

“The cost of living is only going up, and taxing them doesn’t sound right. We are requesting (the government) if an annuity can also be considered under Section 10 (10D) and can be made tax free. “Section 10 (10D) of the Income Tax Act allows an exemption for life insurance benefits including bonus. These are the two things the industry would be very happy if the government could consider,” Raman said. He urged the government to make a beginning in that direction and to start again from where it had left it before the insurance premium was merged under the overall tax exemption limit of Rs 1,50,000 under section 80 (D). “So, a separate bucket can be created for the life insurance (premium). And the next year and going ahead if the government feels that it is an important investment, and considering the kind of impact the pandemic had, it would encourage people to look at life insurance as a correct investment,” the official said further.

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GENERAL INSURANCE

Budget 2022: Tax breaks, GST, premiums. Here are top demands of general insurers - The Economic Times - 21st January 2022



General insurers believe that health insurance is not an option, but it has become a necessity in these trying times. Leaders have urged that the government should reduce GST rates from 18 percent to 5 percent on health insurance premiums as it will encourage people to opt for better health coverage.

"A dynamic health environment has stimulated the rise in the need for health insurance. However, a policy's premium plays a key role in the purchasing decision of a customer. I strongly recommend reducing GST rates from 18% to 5% on health insurance premiums, which will encourage people to opt for better health coverage rather

than lower coverage owing to premium pricing," said **Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance**. Finance Minister Nirmala Sitharaman will present the Union Budget for FY23 on February 1, 2022. While tax exemption has benefitted the industry, leaders have also suggested the government to promote far-reaching awareness as the segment continues to be under-penetrated in India.

GST exemption

Given the under-penetration of insurance in India and the need to bring a wider gamut of population under the safety net, **Anup Rau, MD and CEO of Future Generali India Insurance**, believes that small ticket size insurance products like micro-insurance, sachet products, among others, can be exempted from GST. "This will provide an added boost to these products by making them affordable, enabling the population to get exposed to low-cost insurance products and appreciating their value better," he said.

Tax breaks

Anil Kumar Aggarwal, MD and CEO of Shriram General Insurance, is of the opinion that although personal accident insurance covers are vital, they are rarely purchased. If the Union Budget 2022 offers tax deduction on the premium paid, the situation can change. "Personal accident cover is legally mandatory for all vehicle owners. It is a part of the motor third party insurance cover that is required to be bought each time a vehicle is purchased. However, the penetration has always been quite low for this segment," he said, urging a tax break for such premiums.

Increase in tax deduction limit

Promoting pure risk products by increasing the tax deduction limit for health insurance products, and introducing a separate deduction for term insurance products can be positive decisions taken during the Union Budget, said **Yashish Dahiya, CEO and Chairman, PB Fintech**. "We recommend a separate deduction of Rs 50,000 from taxable income, over and above the maximum limit of Rs 1,50,000, to be introduced for pure term insurance under section 80CCE. Other pivotal areas should be flexibility in pension products, by introducing separate deductions for them and making annuity income earned from these products tax-free," he said.

Akhil Chandna, partner at Grant Thornton Bharat, also believes that an increase in deduction for medical insurance premium to incentivise wider coverage for medical insurance, and increase in the overall deduction for specified investments would go a long way in boosting disposable income for individual taxpayers.

(The writer is Sheersh Kapoor.)

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Union Budget 2022: Provide tax exemption to people opting for home insurance - Financial Express - 19th January 2022

The dynamic health environment has been a catalyst in the pace for the need for health insurance in India. In current times insurance has become an everyday need in order to be adequately protected against uncertainties. Insurers, therefore, believe it has become even more crucial to provide the much-needed boost to the insurance industry in the form of the below measures to continue safeguarding both the economy and society against unforeseen risks:

- 1) On the direct tax front for individuals, the government should provide tax exemption to people opting for home insurance. Thus, “providing them with much-needed motivation especially in the light of increasing natural calamities which leave people stranded. This may be done by providing a separate limit over and above the already savings biased 80C limit,” says Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance.
 - 2) On the indirect tax front, there is a direct need for the government to reduce the GST rates on insurance premiums given the low insurance penetration in India and the fact that insurance is intended to provide financial support against any sudden human or economic loss.
 - 3) Parametric Insurance (Index-based scheme) should be introduced, which indemnifies the insured for the losses arising from catastrophic events. The premium can be collected along with property tax, and when a claim arises the claim amount is directly transferred to the insured’s Jan Dhan Account linked to their home insurance policy.
 - 4) The government should introduce a universal health insurance scheme as done in Jammu and Kashmir to be implemented across all States/UTs in India, which covers all citizens of the region instead of select individuals.
 - 5) After the introduction of GST, the industry is receiving various correspondences from different state authorities calling for information relating to specific issues. “This is resulting in administrative difficulties for large units involving replies to multiple authorities on the same issues. This can be eliminated if a ‘Common Assessment Authority’ is established for companies having a pan-India presence with a turnover above the specified threshold limit,” says Singhel.
 - 6) Covid has highlighted the importance of protection and savings, so the budget can provide additional tax benefits for protection and retirement products.
 - 7) As the recovery in private consumption still lags the pre-pandemic levels, some budgetary support can be provided for private consumption especially for Automobile and durable segments.
- “In general, given the Covid impact, the fiscal deficits have gone up, and the government will have to focus on a roadmap to bring the deficits to pre-covid levels. I feel, these few solutions will go a long way in improving the life expectancy of Indians and will bolster the financial and economic stability of our country,” says Singhel.

(The writer is Sanjeev Sinha.)

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What’s next for Cyber Insurance? – The Times of India - 18th January 2022

The cybersecurity sector continues to grow in India, with Forbes India reporting the nation is expected to spend up to \$3 billion on cybersecurity in 2022. And it’s easy to see why. According to the 2021 Sophos State of Ransomware Report, two-thirds (68 percent) of Indian organisations have been attacked by ransomware in 2021, with 66 percent of organisations paying an average of USD76,619. It’s clear to see cybersecurity is a focus among Indian businesses, and for good reason. Organisations are right to look at investing \$3 billion (as a collective) in their cybersecurity infrastructure, however it’s important investments are made as part of a wider dynamic security strategy that is regularly reviewed and updated. A part of this strategy, should include cyber insurance.

Organisations must not fall into the trap of prioritising cyber insurance ahead of all security measures; in fact, insurers may not provide insurance if an organisation does not have adequate security measures in place. In addition, by investing and prioritising security, it can become easier to get coverage, lower

premiums, and remove barriers to pay outs if you need to make a claim. Let's take a look at some of the key trends to be aware of in the cyber insurance market.



The market will harden further

Due to increased risks and loss ratios, it is becoming more difficult to obtain cover cheaply. As such, this is compelling organisations to better manage their cyber risks in order to lower premiums among insurance providers.

This is an interesting comparison to how the market was not so long ago. Previously, businesses were able to select a competing provider with lower security requirements in order to get the protection they needed— that's no longer the case, with insurers having greater influence over cyber practices.

More insurers are offering pre-breach security support

Providing cyber insurance carries a level of risk for the insurance provider, something each provider needs to carefully manage. As such, a growing number of insurers are offering preventative cybersecurity support to reduce the chances of a breach. By providing this support, insurers are adding value to their customers, while reducing their own risk. This is of particular use and value for smaller organisations that don't have the same resources that larger entities do.

Data collaboration could reveal dynamic risk details

Data is key for insurers to quantify risks, and they're building partnerships to get it, which means they're getting a more accurate and dynamic view of the immediate threat landscape. This deeper level of understanding, has the potential to lead insurers to developing "checklists", helping businesses tackle immediate threats. While useful, organisations must be careful not to focus solely on this guidance provided by insurers, ensuring their infrastructure has 360 protection; third-party security specialists should be sought if support is needed. For example, Sophos Managed Threat Response (MTR) provides unprecedented protection and support to your existing security team. Most managed detection and response (MDR) services simply notify you of attacks or suspicious events, leaving it up to security and IT teams to manage it from there. The issue with this is, what happens if the alert is not seen until the following morning? Cybercriminals aren't going to wait until Monday morning before attacking, they're well aware people take weekends and will often choose these quieter periods to attack.

With Sophos MTR, your organisation is backed by an elite team of threat hunters and response experts who take targeted actions on your behalf to neutralise even the most sophisticated threats. By utilising services like Sophos MTR, you not only protect your organisation from attacks, but also show insurers you're doing so, therefore laying the platform to negotiate lower premiums. As well as directly improving security, having a policy as a safety net can be beneficial in the event of a large-scale security breach. Insurance can provide organisations with a quick transition for recovery from major attacks. However, insurance should only be implemented as part of a wider strategy that prioritises detection and protection, ahead of response and mitigation.

[TOP](#)

Insurance scheme for tribal community caught in red tape - The New Indian Express - 18th January 2022

Three months have passed since the validity of the group insurance scheme for members of the tribal community in Kerala expired, but the government is yet to renew the scheme. The insurance scheme that ensures Rs 1 lakh compensation to members of tribal community in case of death or permanent disability caused by accidents or wild animal attack, had been a big relief for the community. According to the scheme, up to Rs 5,000 will be provided per year for hospitalisation due to wild animal attack and Rs 5,000 for damage to hutments caused by wild animals. Besides, the scheme ensures Rs 1,000 per year for

transportation of affected person to hospital. The scheme was a big relief for members of the disadvantaged community who are afraid of visiting hospitals due to financial constraints.

In reply to an RTI query by Benny John of Kurachund in Kozhikode district, the forest department admitted that the validity of the insurance scheme expired on September 25, 2021, and a proposal has been submitted to the government for its renewal. Dependents of people who died in wild animal attacks and people who sustained injuries after the date will not be eligible for compensation. "The members of the tribal community who live in forest often face attack from wild animals and most of the community members are not able to afford hospital expenses. The scheme was a big relief for us. The government should initiate steps to renew the insurance scheme immediately," said tribal activist Binu Puthenpurackal.

The forest department had introduced the insurance scheme on September 26, 2020, in association with the United India Insurance Company to extend insurance cover against wild animal attacks to the entire tribal community. Principal chief conservator of forest was the insurer and the premium was Rs 15 lakh. Admitting that the insurance scheme has not been renewed, deputy conservator Viju Varghese said the government has already issued an order and the scheme will be renewed soon. "We had written to the government about the renewal of the scheme on September 6, 2021, and the government had sought some clarifications on November 2. In fact the government wanted to expand the coverage of the scheme to include crop loss. The department had submitted a clarification on November 18 and the government issued an order to renew the scheme," the deputy conservator said. "Steps have been taken to renew the insurance scheme and a government order has already been issued in this regard. The formalities are being completed," said an officer at the forest minister's office.

(The writer is Manoj Viswanathan.)

[TOP](#)

Locker insurance can be highly valuable; here's what you should know - The Federal - 17th January 2022

There is something comforting about a bank locker. It's a steel vault in a well-guarded room that requires two humans — you and a bank staffer — to open. Most of us assume that once our jewels and other valuables are deposited in a locker, we can stop worrying about their safety. However, locker thefts/losses do happen. When they do, recovery becomes quite difficult. The customer blames the bank for it while the bank points out it has no knowledge of the contents of the locker, and bears no responsibility for them. To address some of these concerns, the Reserve Bank of India (RBI) has introduced some guidelines that have been in effect since the start of this year. These shift to the bank at least a part of the responsibility for the safety of your valuables.

Insurance options

To truly be at ease about the safety of your valuables, you may want to consider locker insurance. In India, locker insurance is mostly offered by general insurance firms as part of their home insurance or content insurance policies. Some of these cover your jewellery under a packaged product, wherein the pieces are covered wherever they may be — on you, in transit, at home, or in a bank locker. IFFCO Tokio General Insurance offers a standalone bank locker policy, under which jewellery and other valuables are covered from various risks. These include any burglaries or hold-ups and 'infidelity' of bank staff, apart from fire, earthquake and other natural or manmade disasters. The product offers extended cover for important documents such as share certificates and passports. A self-declaration up to a specified amount, and the premium, are all you need to purchase the plan.

Most financial advisors would recommend an all-risk jewellery cover rather than a standalone locker cover, as the probability of losing jewels in a bank locker is quite low, though not zero. On the other hand,

an all-risk cover would ensure your jewellery is safe anywhere. What does work in favour of a standalone policy is the low cost. You may consider it if you tend to worry about your jewels lying in a locker, out of your sight.



Remember that if a locker theft does happen and you file a claim, the insurer will go by the first information report (FIR) filed by the bank, since it owns the locker. This could make the wait for the recovery longer.

What the RBI has stipulated

To address customer concerns on the safety of their valuables, the RBI has introduced some measures, and these have just kicked in. The most pertinent one is that if locker contents are lost due to fraud by its employees or a general theft, the bank cannot disown liability for it. Its liability for the loss is 100 times the prevailing annual

locker rent. So, if you're paying an annual rent of ₹5,000, the bank's liability towards the locker stands at ₹5 lakh.

Some of the other rules the RBI has brought in are:

- In case the loss of valuables is due to natural calamities or customer negligence, the bank would not be liable for it.
- The bank where you hold the locker cannot sell locker insurance to you — this is to prevent mis-selling.
- These rules are in effect from January 1, 2022, and applicable to new locker account holders. If you are an existing account holder but wish to be eligible for the new mechanism, you will need to sign a fresh locker agreement with the bank. The bank is allowed to renew its locker agreements with existing customers by January 1, 2023.
- Your bank is required to send you an email and SMS alert every time your locker is opened. This will alert you if you have not authorised the operation.
- The process of new locker allotment is now more transparent, with banks having to declare their inventory on public domain. This is to ensure applicants for new lockers do not beat the queue.
- The bank has to ensure tight security around the locker room. It needs to be under CCTV surveillance, and the recording has to be preserved for at least 180 days. If there is a customer complaint regarding his/her locker, the CCTV footage has to be preserved till the dispute is resolved.

Make it all the more safe

As the owner of valuables, you can take some measures to keep them extra safe. For starters, keep a meticulous record of your jewellery, documents and other valuable items, and where you have stored each. If you bring a piece of jewellery home from the locker, make a note of it. If you fail to pay your locker rent for three years in a row, the bank can use its discretion to break open the locker. To avoid this, pay the rent on time. You can also give a standing instruction. Access your locker at regular intervals — at least once a year. This way, you can keep an eye on your valuables, and the bank can inform you about non-payment of rent, etc.

The bank's liability for your locker contents is 100 times your annual rent. So, it may be a good idea to keep valuables worth up to that amount in that locker. If you own a lot of jewellery, you can consider splitting it across two or more lockers, or even buy a safe and keep some of it at home. A good insurance policy would take care of several of your concerns. At the end of the day, you need to know your valuables are in a safe place, ready to be used or monetised as the need arises.

(The writer is Indira Balaji.)

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HEALTH INSURANCE

How to build a health corpus if you're unable to get medical insurance – Business Standard – 20th January 2022

A survey conducted by SBI Life Insurance, along with NielsenIQ (India), has revealed that 46 percent of respondents bought health insurance, and 44 percent purchased life insurance for the first time during the pandemic. In short, Indians are increasingly becoming aware of the importance of insurance. While awareness has increased, many people are unable to get health insurance for reasons such as pre-existing diseases, past ailments, advanced age, and so on. Insurers are unwilling to extend coverage to high-risk prospects. Such people should explore self-insurance and other alternatives. Make the creation of a health-care kitty your top priority. Pankaj Mathpal, managing director and chief executive officer, Optima Money Managers, says, “This should be over and above your emergency fund.” Take into account your age, inflation, and medical inflation when trying to estimate the corpus size you should accumulate. Kiran Telang, Mumbai-based certified financial planner, says, “Most people will require a minimum Rs 5-10 lakh. Check the rates on the websites of hospitals you are likely to visit for treatment.” She suggests ensuring that those family members who can get insured are adequately covered. Starting early is crucial. Balwant Jain, Mumbai-based investment and tax expert says, “Start systematic investment plans in mutual funds (MFs). In a few years, you will gather decent corpus.” Experts vary on the type of MF scheme you should invest in. Stick to a liquid or a shorter-duration debt fund if you have a limited horizon of up to one year. Invest in hybrid funds if you have three to five years, and equity funds if you have seven years or more. The chief advantage of joining a group plan, according to Mathpal, is that underwriting tends to be less stringent. Hence, even riskier customers can get insured. If your office provides a corporate health policy, you will manage to get cover, even if you have pre-existing ailments. Even if you have to pay a part of the premium, sign up for it. Go for a top-up if it is available.

M Barve, founder, MB Wealth Financial Solutions, says, “You are permitted to continue with such add-ons, even after you quit the organisation.” Some insurers even allow people to port from their group plan to their retail plan on quitting their jobs. “Some professional groups, like those of chartered accountants, company secretaries, etc also offer group insurance to their members,” says Jain. See if there are opportunities to become a part of group covers in either the professional or the non-professional circles you are part of. Banks, too, enter into tie-ups with insurers to offer group insurance to certain customers. “Many banks offer customised group health covers to their account holders, depositors, and borrowers, and even fixed deposit (FD) and credit card holders,” says Mathpal. Covers on FDs and credit cards are usually complimentary. Even if a personal accident policy won’t compensate for the lack of health cover, it will at least take care of the cost of treatment for accidents and consequential disabilities. “People who are unable to get a health insurance policy due to a pre-existing disease should immediately buy a personal accident policy. Here their income, and not their health background, will be taken into account,” says Barve. Even if you have a health policy, it will not cover exclusions and pre-existing diseases for a specific period. Every claim may not be approved. Hence, many people today voluntarily opt for self-insurance. Anant Ladha, founder of Invest Aaj for Kal, and research head at pankajladha.com, says, “Claims tend to be rare between the age of 25 and 45 years. If you start building a health corpus during this period, you can self-insure yourself easily.” The risk is that you may have to rely on your savings if you fall ill while you are accumulating the corpus.

(The writer is Bindisha Sarang.)

[***TOP***](#)

Admitted to a hospital with mild COVID symptoms? Your insurance claim may be rejected – Money control – 19th January 2022

Like lakhs of Mumbaiites, 51-year-old entrepreneur Sukesh Jain (name changed) tested positive for COVID-19 earlier this month, as did his wife and daughter. While the latter two recovered at home, Jain decided to get admitted to a hospital as he is a diabetic. He was discharged after three days, but his health

insurance company rejected his cashless claim on the grounds that his condition did not warrant hospitalisation. “He had mild fever and cough, but also co-morbid conditions. Jain was admitted to the hospital after the attending doctors evaluated his case. He was also administered Remdesivir (which is possible only in a hospital setting). Yet, his insurance company rejected his cashless claim,” says his financial advisor who spoke to Money control on the condition of anonymity as the grievance redressal process is still in progress.



Treatment of mild COVID-19 cases

Last year, Money control had highlighted cases where insurance companies had rejected COVID claims on the grounds that hospitalisation was unwarranted. Some of these claims were settled after the aggrieved policyholders knocked on insurance ombudsman’s doors. “It’s not the insurer, but doctors and hospitals who have to take these calls. The patient is not in a position to decide whether hospitalisation is needed or not. Given a choice, they would prefer treatment at home. Insurance companies should give them the benefit of doubt. We have observed that generally, the corporate group health claim settlement is smoother than retail policy claim processing,” says Rishabh Parakh,

Founder of NRP Capitals, a financial planning firm.

Such cases could come to the fore once again in this Omicron-driven wave, with most individuals experiencing mild symptoms. The Indian Council of Medical Research’s (ICMR’s) latest COVID-19 treatment protocol categorises those with fever and upper respiratory tract symptoms, but no shortness of breath or low oxygen levels as mild cases. Home treatment is recommended for such COVID-positive patients. “Initial data suggests that the number of hospitalisation claims that we have received so far is lower as compared to the second wave. Most patients are recovering at home. Some, however, have panicked and rushed to the hospitals. We are concerned, but have not denied claims,” says Atul Sahai, Chairman and Managing Director, New India Assurance, India’s largest general insurance company.

No claim settlement for mild COVID-19 cases?

He says the company’s decision is guided by the treating doctors’ views and ICMR treatment protocols. “Largely, the vulnerable groups – elderly, people with co-morbidities and those who are not fully vaccinated seem to be more impacted and need hospitalisation. Ultimately, it’s the hospitals that are taking the calls on admission. We understand that many hospitals are generally not admitting COVID patients with mild symptoms,” he adds.

Insurers say they rely on guidelines issued by ICMR. “In the case of COVID-19 treatment, the ICMR-prescribed protocol is clear on when a patient should be treated at home, admitted to hospital, moved to oxygenated bed or shifted to ICU. As insurers, we follow the laid-out protocol. In a pandemic, a huge number of cases can overwhelm the medical infrastructure. If patients who can be treated at home are admitted, patients who need hospitalisation will be deprived of the beds. So, in cases where patients with very mild disease and did not need hospitalisation were erroneously admitted, we could unfortunately not pay the claims,” explains Dr Bhabatosh Mishra, Director, Underwriting, Products and Claims, Niva Bupa Health Insurance. Sure enough, insurance broking and claim management firms have seen some insurers rejecting ‘mild’ COVID hospitalisation cases. “One of the reasons for claim rejection is that some patients get admitted to hospitals anticipating that their condition could turn serious later. In such cases, we have seen that if the condition is not serious at the time of admission and stays that way, some insurers reject the claim,” says Anuj Jindal, Founder, Sureclaim.in. In one such case that Jindal came across, hospitalisation claim of an individual who landed in India recently and tested positive with mild symptoms was rejected. “The situation at that point in time forced him to get admitted to a hospital even though he had mild COVID-19. The insurance company rejected his claim,” he adds. Patient-policyholders

may face claim rejection if the insurer's scrutiny of their condition does not tally with that of the hospitals. "The team of doctors at the insurer's end go through the clinical documents of the customers and on the basis of vital parameters and doctors' recommendation, determine whether the hospitalisation is required," explains Kulin Shah, Co-founder and COO, Onsurity, a health-tech firm that also facilitates group health covers through tie-ups with insurance companies.

Recourse for policyholders

Even if your claim is rejected by the health insurer, you need not accept it as the final verdict in case you feel your hospitalisation was justified. The first stop is always your insurance company's grievance redressal cell. If the escalation fails to elicit a satisfactory response or any response at all, you should approach the insurance ombudsman office in your city. The last resort for all such cases are the consumer courts.

(The writer is Preeti Kulkarni.)

[TOP](#)

High premium prices, lack of awareness key reasons for low penetration of health insurance in India - The Hindu Business Line - 19th January 2022

Kolkata, January 19 High premium prices could be one of the main reasons for the low penetration of insurance in India where a majority of people are either uninsured or under insured. According to Suchita Gupta, Chairman and Managing Director, National Insurance Co Ltd, inadequate health insurance awareness, gaps in understanding the product, and the value of return on investment of health insurance purchased are some of the key issues for its low penetration in India. Last mile delivery in health insurance distribution to all sections also remains a major challenge. "Our insurance premium could also be one of the main reasons for the very low penetration in India despite high dependence on expensive private healthcare sector. However, as more and more sections of insurable population get health coverage it is expected to substantially reduce the out of pocket expenses for common citizens as it comprises the largest financial burden driving the economically weaker uninsured to financial distress hindering the overall economic progress," Gupta said at the seventh edition of InsureInd organised by CII on Wednesday.

Affordable healthcare

She further said that the new mantra is health inclusion, as a step forward from financial inclusion. Inclusive growth can only be achieved with complete health coverage for all Indians and universal health insurance is a "priority for the government." The Covid-19 pandemic has helped people realise that access to affordable healthcare and health insurance is foremost requirement to protect the citizens from financial distress and keep the economy on track. Highlighting the vast opportunity in the Indian insurance vertical which is largely untapped, she called for all stakeholders to work towards giving affordable health cover to all Indians. According to Saurabh Mishra, Joint Secretary - Insurance, Department of Financial Services, one of the way forward is not just look at insurance as an industry, but considering it as a catalyst to the entire economy and to the overall industrial and service space of India. He emphasized on the need for more capital infusion and innovation which would be critical for a demography like India and also opined that risk management areas like cyber security, agriculture need to be prioritized.

(The writer is Shobha Roy.)

[TOP](#)

Hospitals denying your health insurance covid cashless claim? What are your options? - The Economic Times - 17th January 2022

As the number of covid patient is rising in the third wave cashless hospitalisation and treatment for the disease remains a challenge for many health insurance policyholders. Taking cognizance of the difficulties faced by covid 19 patient in getting cashless hospitalisation during the second wave the

insurance regulator IRDAI had said a few months ago, “There are reports of certain network providers (hospitals) charging high rates and insisting on cash payments from the policyholders for providing treatment to COVID-19 infected patients despite having cashless arrangement with Insurers”. This is the eventuality for which people purchase health insurance so that they do not face difficulties during a health crisis. So, what are your options if you find yourself in a similar situation?

Get in touch with your TPA to bring it to their notice

IRDA took this matter very seriously and asked hospitals to stick to the laid down norms. The regulator released circulars on this issue twice in two days to make sure that insurance companies and network hospitals would follow the service level agreement and would not put policyholder to inconvenience.



“The Insurers shall ensure that where the policyholder is notified about availability of cashless facility at the empaneled network provider, the cashless facility at such network provider shall be made available to the policyholders in accordance to the terms and conditions of the policy contract and as per the terms agreed in Service Level Agreement (SLA)” said IRDAI in the circular. If you face any difficulty, you should make a formal request with your Third-Party Administrator (TPA) for the cashless admission in the network hospital. If you are still denied admission on cashless basis, you can use this denial to lodge your formal complain with your insurer against the hospital.

Get the treatment on priority even on reimbursement mode

The cashless facility eliminates many hurdles which policyholders face with re-imburement mode. So if the situation allows, you can go for another network hospital to get the cashless facility. This will not only minimize your out-of-pocket expenses but also make sure that overall expenses does not shoot up. IRDA had cautioned the insurance providers to make sure that hospitals were following the agreed pricing. “While reviewing cashless requests the Insurers are also advised to ensure that the policyholders are charged as per the rates agreed to by network providers wherever applicable. Insurers are also advised to ensure that hospitals do not levy any additional charges for the same treatment other than those rates that are agreed with the insurers” said the IRDA circular.

The deviations and additional charges that the hospital will make can later be addressed by complaining. “Where any network provider denies cashless facility and deviates from agreed terms of the SLA, insurance company shall take an appropriate action against such network providers as provided in SLA in addition to taking up appropriate action,” recommends the IRDAI circular. However, if the situation is critical and if the network hospital is offering admission on payment basis you can go for it and later get the money reimbursed. “All Insurers are directed to ensure that the “reimbursement claims under a health insurance policy shall be settled as per the terms and conditions of the respective policy contract expeditiously. Insurers are advised to issue suitable guidelines on this to all TPAs” says the IRDAI circular.

If denied, get treatment even at non-network hospital

It is the cashless facility which limits your choices to stick to only network hospitals which are empaneled with your insurer or the TPA. In case of denial by network hospital you can also go for treatment at a non-network hospital as the priority remains to save the life of the patient. The reimbursement method allows you to claim the expenses with your health insurance provider after the treatment. Though this process may involve some delay in getting refund and also some additional running around but it will help you get the treatment on priority and getting the money back.

Make a complaint against the hospital

The insurance regulator has asked the insurers to regularly communicate to their network providers to ensure hassle free service to the policyholders. It has also asked insurers to report such cases to local authorities for appropriate penal action. “Insurers are advised to put in place an effective communication channel with all the network providers for prompt resolution of grievances of policyholders. Insurers are advised to report levying of excess charges or denial of cashless facility to the respective State Governments for appropriate action,” it says. While the insurance company will follow its set course to complain against hospitals, you should register your own complaint in case of any deficiency in availing medical services.

How to escalate your complain to the appellate authority

You should also be aware about the process lodging your complaint and escalating it till it is not resolve or till you don't get a satisfactory response. Follow these steps to resolve your complaint:

First approach the insurer's Grievance Redressal Mechanism as spelt out in the insurance policy document. In case the complaint is not fully attended to by the Insurer within 15 days of lodging it, you may use the Integrated Grievance Management System (IGMS) for escalating the complaint to IRDAI. IGMS facilitates online registration of policyholders' complaints and helps track their status. A policyholder can make optimum use of this system by giving accurate information about the complaint like the policy number, name of the insurer, complainant's contact details etc. It would be useful to keep the policy document ready while registering the complaint online.

(The writer is Naveen kumar.)

[TOP](#)

Why does social security look like a pipe dream for gig workers? – Business Standard – 17th January 2022

We now get food and groceries delivered within 15 minutes of ordering them on mobile applications. But have you wondered what it takes to accomplish such a feat? What the delivery executive goes through in between picking the order from the restaurant or warehouse and handing it over to you? One of them, Salil Tripathi, lost his life eight days ago on a cold winter night, while his wife and a minor son waited for him back home. Salil was the sole breadwinner of his family. And so are lakhs of others who continue to walk a tightrope without any insurance and other social security benefits which workers in organised sectors enjoy. When Salil's accidental death attracted the media glare, Zomato CEO Deepinder Goyal took to Twitter and assured help in processing an insurance payout of Rs 10 lakh. Zomato employees contributed Rs 12 lakh to the family and a fundraising page started by his wife raised about Rs 9 lakh.

While Zomato's move came as a welcome step, this instance has emphasised the need to provide social security benefits to gig and platform workers. Gig workers currently depend on the generosity of companies. In the absence of a legislation that grants protections to gig workers, the companies employing them don't have a uniform policy on the kind of insurance cover they should provide to their drivers or delivery partners in cases of accidents or medical emergencies. Zomato covers its delivery partners with accident and life insurance along with an OPD allowance, whereas Swiggy offers Rs 6 lakh worth of medical and accident insurance cover. However, Shaik Salauddin, the national-general secretary of the Indian Federation of App-Based Transport Workers (IFAT) told Business Standard that there have been several instances where Zomato and Swiggy haven't done enough to compensate their delivery partners for 'loss of pay' after they met with an accident while on the job. The IFAT represents gig workers employed by food delivery and taxi apps.

The recent Fair work India report 2021 ranked Indian startups based on how they treat their gig workers. It said that most Indian startups don't score well when judged against the principle of 'Fair Conditions'. To address this issue and many more, the Central government has come up with the Code on Social Security which recognises gig and platform workers. But according to reports, the Centre is unlikely to implement it before state elections in Uttar Pradesh and Punjab this year, as it is worried about the possibility of protests by labour unions, after having had a similar experience with the three contentious

farm laws that had to be withdrawn. The Supreme Court too has admitted a petition by the Indian Federation of App-Based Transport Workers (IFAT) that seeks classification of gig and platform workers as 'unorganised workers' under the Unorganised Workers Act, 2008. This would entitle them to benefits such as provident fund, health and maternity benefits and old age protection.

"This is obviously an attempt to distance itself from any language that would make the aggregator responsible for providing the drivers with social security or any form of protection or acknowledging any form of 'employer-employee' relationship," reads the IFAT petition. The IFAT's petition points out that recently, two large cab aggregators 'updated' the service agreements for their riders and drivers to "essentially absolve the ride sharing/ hailing company (the aggregator) of all liabilities and/or responsibilities towards the drivers or riders". One of the aggregators, for instance, has stopped using the word 'partner' in the agreement and now defines individuals utilising its app service for commercial gains as 'customers'.

Gayatri Singh, cofounder of Human Rights Law Network and the advocate who filed the PIL on behalf of IFAT, explained why the present working arrangements between gig workers and platforms is untenable. The new Code on Social Security introduced by the government also envisages a social security fund for gig workers, which will collect contributions from aggregators. Introduction of the code will address many issues plaguing the gig economy in India now. It mandates compulsory registration of both gig and platform workers on an online portal to avail these benefits. Because of a continuous fall in wages and a rise in out-of-pocket expenses, these delivery gigs, originally supposed to be part-time work for pocket money, have now become the mainstay for many. According to several testimonies in the Fair work report, most delivery partners spend 12-16 hours daily to make ends meet. And the gig economy is here to stay. A report by Boston Consulting Group says that India's gig economy has the potential to serve up to 90 million jobs in the next eight to 10 years from about 24 million today. Labour codes are indeed a big step in the right direction. But, clearly, the road to social security for gig and platform workers is long and bumpy.

(The writers are Harshit Rakheja & Krishna Veera Vanamali.)

[TOP](#)

Buy health insurance before 30s to enjoy lifetime quality service - Deccan Herald - 16th January 2022



When it comes to health insurance, youngsters generally have a misconception that it is only for older people. This misconception is nothing new, it has been passed on to people for ages. But the ongoing Covid-19 pandemic has changed the entire perception of health insurance.

People have now realised how unpredictable life can be and medical emergencies can occur to anyone at any time. And today's young generation is very much involved and active in managing their own finances. The best thing that you can do to keep your finances on track even during medical emergencies is to buy a health insurance policy early in your life.

Any health emergency can take a toll on your life. It can affect your lifestyle, mounts mental pressure and affects your financial situation. The Covid-19 pandemic has made it imperative for individuals to have their health insurance plans in place, irrespective of one's age. Before you turn 30, you should get your personal health insurance, and if you want some reasons for doing so, here are a few that will help you make the right decision:

Low premium cost

The premium charges for any health insurance is low when bought early and becomes steeper after you cross your 30s. If you think you are fine and healthy when you are in your 20s, that is the right time to buy insurance. You can get it at a low premium rate. This is the age when you don't have any critical ailments and you have to pay less amount as a premium for the insurance cover as you are young and healthy.

Waiting periods

Every health insurance company has some waiting period attached to their plans. The insurance provider has multiple waiting periods for different pre-existing diseases. The time period can range from one year to two years, and the previously existing ailments get insured mostly after four years. Even if you are in an emergency, these waiting periods cannot be waived. Hence, buying health insurance early in your life, will exhaust the waiting period and allow you to claim your policy when you need it.

Lifestyle changes

With the rising pollution level and hectic schedules, even youngsters are suffering from lifestyle diseases such as heart disease and stroke, along with other cardiovascular ailments which carry a high impact on the young population. So, you should be prepared for it. The number of physical and mental illnesses affecting you can be extensive. The younger population are more affected by these problems today than ever before, which means buying a health insurance is one of the most important investments you can make to keep yourself insured of any future medical treatments and emergencies.

Better financial planning

Purchase health insurance in your late 20s or early 30s and opt for a better financial plan. Managing what you earn is a great way to live your life to the fullest. You need to understand that accidents occur without any prior warning. Having adequate health coverage ensures that you can live fun-filled life and you can have your cover for emergencies.

More than just hospitalization

With an adaptable and comprehensive health insurance plan, one does not need to scramble for funds to pay hospital and treatment costs. You can get high level of protection, as it offers unique benefits keeping in mind the rising healthcare costs. Major diseases are covered under the plan. There are even plans that allow you to get coverage from 50 lakh to 3 crore in India and abroad; covers modern and advanced treatments, to secure not only the current healthcare needs but also the ones that may arise at different stages of your life. Such feature rich plan also offer loyalty premium discounts and unlimited restoration of sum insured at value based price.

In simple words, individuals should buy a health insurance plan at an early age to keep their finances on track. The golden rule of health insurance is, "The early we buy, more the benefits we get. If purchasing health cover at young age has such a lot of advantages, then why delay, as we all know, "Health Hai Toh Life Hai".

(The writer is Sapna Desai.)

[TOP](#)

How to get the best health insurance cover for cancer treatment – The Economic Times – 16th January 2022

The cost of treatment of cancer is exorbitantly high. A good health insurance plan that offers coverage for cancer can be of great help as it provides much needed financial support. We tell you how to get good insurance protection against cancer.

How do the cancer plans work?

There are many comprehensive standard health insurance plans that cover a wide range of diseases including cancer. These plans are indemnity plans which pay for the actual treatment cost within the overall limit of the sum insured. If you have a comprehensive plan you need to check it thoroughly to understand the level of financial protection it offers against cancer. When it comes cancer special plans,

then most of these plans are defined benefit plans. "Most cancer protection policies offer defined benefit plans where a fixed benefit is payable to policyholder in case he/she is diagnosed with any of the specified early or major stage cancer during the policy term," says Abhishek Misra, CEO & Principal Officer, Bonanza Insurance Broker.

Many critical illness insurance plans which are also defined benefit plans also cover various types of cancers. However, a cancer special plan may have the edge here. "A cancer care policy is designed to specifically address the medical requirements related to cancer treatment only, whereas a critical illness plan with cancer coverage caters to listed chronic conditions and critical illnesses, cancer being one of them,"

| Cancer Health Insurance Plan | | | |
|--|--|---|-------------------------|
| Health Plan & Insurer | Waiting/Survival Period | Unique feature | Premium (Rs 10 lakh SI) |
| Aditya Birla Activ Cancer Secure Plan | 90 days for Pre- Existing Diseases (PED) | Payouts are done on the basis of diseases stage. | Rs 857 |
| Care Cancer Mediclaim | 90 days for initial waiting period & 48 months of continued coverage | Day care treatments, Lifelong renewability, NCB, Coverage outside India, Chemotherapy & Radiotherapy covered | Rs 1100 |
| Future Generali Cancer Protect Plan Lump Sum | 180 days from risk commencement date or date of reinstatement. | Payment of 25% of Sum insured + premiums are waived off for next three years or till the end of the policy term, whichever is earlier, in case of minor stage of cancer detected. Payment of entire sum insured in case of major stage is detected. | Rs 671 |
| SBI General | No coverage for PED or related condition(s), 28 days survival period | Cover 13 critical diseases, no medical check for upto 45 years | Rs 281 |
| Niva Bupa Criticare illness | 48 months for PED | Cover for 20 critical diseases, direct claim settlement | Rs 2921 |
| Manipal Cigna- Critical Care Basic | 90 days for PED & 30 days survival period | Cover for 30 critical diseases, payment of entire sum insured on diagnosis of any disease out of 30 & option for staggered payout | Rs 2915 |
| Reliance General - Critical illness | 30 days survival period | Cover 10 critical illness, | Rs 3231 |
| Digit Cancer Health Insurance | 4 years for PED, & 2 years for specific illness. | No limit on room rent, Psychiatric illness Cover, Post Hospitalization Lumpsum , Only 7 days initial waiting period | Rs 5595 |
| HDFC Ergo iCan Enhance | Initial 120 days of waiting period | Lifelong indemnity cover, follow up care post-CCL treatment, Cover treatment costs up to the sum insured and gives a lump sum of 60%-100% to pay for other miscellaneous expenses. | Rs 1328 |

Source: PolicyX.com, Insurance premium given for Rs 10 lakh sum insured for an individual of 31 years age

says Vivek Narain, Co-founder & Promoter of Sana Insure. "A cancer special plan would consider and cover various aspects of cancer treatments in depth as compared to a critical illness policy. For example, cancer care special plans cover early to advanced stages of cancer, while a critical illness plan might restrict coverage to advanced stage alone," adds Narain.

Mind the waiting and survival periods

"The initial waiting period, typically ranges from 90 days to 180 days from the policy inception date depending on the insurance

company. During this period, the policyholder cannot make any claims. In the survival period, the insured has to survive a specified number of days from the date of first diagnosis of cancer," says Misra. The waiting period is mandated by the insurance companies so that it does not have to pay in case the personal already had the disease at the time of buying the policy. "The waiting period put by the insurer is to avoid fraudulent claims, pointing towards people who have already been diagnosed with cancer and they still seek to coverage for their impending expenses," says Narain.

Understanding of the survival period is important as it is the time after first diagnosis of the disease during which the coverage does not work. "If a person survives the period, then he would continue to require palliative care and would need to have medical expenses covered. If he does not, then the cover is not needed. One must remember that this insurance is not a life insurance plan but a medical expenses cover. The survival period can vary from 30 days to 6 months," says Narain.

Should you top-up your comprehensive plan?

If you have a comprehensive cover that does not offer good coverage against cancer it would be better for you to buy a cancer special plan or a critical illness plan with good coverage against cancer. "Given the steep cost of cancer treatment, one should definitely top up their comprehensive health plan with a high cover defined benefit cancer special plan or critical illness plan. This will ensure that besides treatment costs, all other related expenses will also be taken care of such as non-medical expenses like managing travel expenses for treatment at distant places, supplementary medicines household expenses, etc. A standalone cancer defined benefit cancer special plan or critical illness plan is highly recommended for those with a family history of cancer," says Misra.

Who should buy a cancer plan?

Frequency of occurrence of cancer has significantly increased over a period. As per a WHO study released in 2020 one in every 10 Indian will develop cancer and one in every 15 Indian will die from it. So the risk

of developing cancer is much higher which means that having a protection against the disease is always better than having none. People who are at higher risk must buy an insurance cover for this disease. "For people with a genetic propensity or history of cancer, it would be prudent to go for a cancer care special plan to help settle concerns over the likelihood of being diagnosed with and having to undergo treatment for cancer. Such plans would take care of medical expenditures right from diagnoses to surgical procedures, thereby easing the burden of having to foot hefty hospital bills on your own while ensuring access to appropriate treatment at network centers," says Narayan.

Things to consider before buying a cancer plan

"Given the steep cost of cancer treatment, the customer should look for a plan with a high sum insured. Secondly, the plan should cover multiple stages of cancer right from the first stage to the last stage. Thirdly, the plan should offer long term cover which will ensure financial protection for a longer period at the same premium cost throughout the entire policy term. Lastly and most importantly, the customer should also look at the claim settlement ratio of the insurance company," says Misra.

(The writer is Naveen Kumar.)

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MOTOR INSURANCE

Factors impacting two-wheeler insurance purchase – Money control – 17th January 2022

Our two-wheeler holds a special place in our life; it is convenient to use, affordable, and easy to maintain. For many of us, our two-wheeler is the easiest way to commute on a regular basis. It is only natural that we want to ensure the safety of our vehicle, given its importance. One of the best ways to safeguard our two-wheeler is with the help of insurance. If you own a two-wheeler and have motor insurance, at some point you might have wondered about the factors that impact the cost of insurance premium. So let's see the main factors that affect our two-wheeler insurance cost.

The type of two-wheeler

The price of a two-wheeler varies as per the features, specifications, make, and model. Since insurance covers the cost of the two-wheeler, the insurance premium is directly proportional to the cost of the vehicle. So, the premium of a two-wheeler that costs Rs 75,000 will be lesser than the premium of a vehicle that costs Rs 1,00,000. Another important element that impacts the cost of insurance premium is the cubic capacity (CC) of the vehicle, the cc of a two-wheeler reflects the power output of its engine. A 75 cc bike will attract a lower premium than a 350 cc bike. The insurance regulator has defined slab rates basis on the cubic capacity of the vehicle to compute the third party premium that is a mandatory insurance requirement. Third party premium of electric 2W is now defined based on KW parameter of the vehicle (instead of CC)

Age of the two-wheeler and insured declared value (IDV)

You would have noticed that your insurer asks for the age of the vehicle when you fill the proposal form or fill in the details in the online portal of the insurer. This is because, the older the vehicle, the lesser is its value and thus lower is the premium. Like every other asset, the value of your two-wheeler also starts depreciating with time; the older the vehicle, the higher is the rate of depreciation. The rate of depreciation for two-wheelers beings at 5 percent for a vehicle that is below 6 months old, and goes up to 50 percent for a vehicle that is older than five years. IDV is the maximum value your insurer will pay for the complete damage or theft of your vehicle. The IDV is calculated each year during the renewal, the value arrived after computing depreciation. As your vehicle depreciates over the years, the IDV also comes down. Since IDV signifies the value of the vehicle, it plays a decisive role in premium computation.



Type of coverage

Broadly speaking, there are two types of cover available, a Third Party (TP) cover and a Comprehensive cover. As per the law, it is mandatory to have a TP cover to run the vehicle on the road, the TP cover protects you against the third party liability which may arise if a third party suffers a financial loss attributable to your vehicle. However, the TP cover does not extend protection to your vehicle, for that you require a comprehensive policy. A comprehensive policy shields your vehicle from natural calamities like hailstorms, earthquakes, floods, inundation, hurricanes, landslides, and rockslides. It also covers man-made disasters like riots, accidents, and

thefts. The cost of a comprehensive policy is higher than a TP-only cover because the former provide wider protection. It is advisable to opt for a comprehensive cover to ensure the complete protection of your vehicle. The cost of insurance is much lower than the amount of loss that can arise in case of an unforeseen event.

No claims bonus (NCB)

Your insurer grants you NCB for each claim-free year. NCB is the reward you get for your good driving behaviour. The discount is granted as per pre-defined slabs, it starts from 20 percent for the first claim-free year and goes up to a maximum of 50 percent for five consecutive claim-free years. NCB helps significantly to bring down your motor insurance premium.

Add-on covers

Add-on helps you strengthen the protection of your vehicle, and allows you to customize your cover. Each add-on has some unique feature and serves a specific purpose. The insurance market offers various add-on like roadside assistance, zero depreciation, medical cover, engine protection, to name a few. These add-on covers come with a cost, thus increasing your motor premium. It is advisable that you pick the add-ons which suit your requirements and accordingly customize to expand your cover.

(The writer is Gurdeep Singh Batra.)

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Insurers want 15-20% hike in third-party motor insurance premiums - The Economic Times - 17th January 2022

Vehicle owners might have to shell out more for insuring their vehicles. General insurance companies have written to the insurance regulator, proposing that the mandatory third-party insurance premiums be hiked by 15-20% to help them tide over losses in this segment. If Ir dai accepts the proposal, third-party insurance premiums could go up from 1 April. The third-party premium for a Maruti Swift 1.3 LXI is currently Rs 3221 per year. This could go up to Rs 3,705-3,865 if the rates are hiked in 2022-23. While third-party premium rates are revised on an annual basis by Ir dai, these were put on hold in 2020, and then again in 2021, to give relief to policyholders during the pandemic. However, with the rise in the number of third-party claims after the initial drop during Covid, general insurers are finding it hard to keep up.

(The writer is Riju Mehta.)

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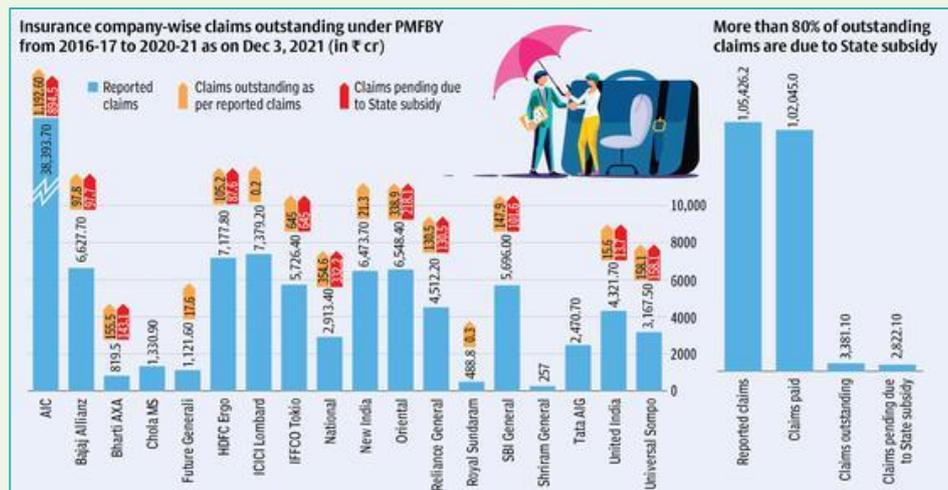
CROP INSURANCE

PM crop insurance scheme: Most pending claims due to delay in State govts' contribution – The Hindu Business Line – 20th January 2022

From 2016-17 till date, many farmers, across States, who opted for the Pradhan Mantri Fasal Bima Yojana (PMFBY) have not received insurance claims. The outstanding amount of about ₹2,822.1 crore is thanks to the State governments not contributing their share to the scheme. According to the Ministry of Agriculture and Farmers Welfare, the admissible claims under PMFBY are generally paid by the concerned insurance companies within two months of completion of Crop Cutting Experiments (CCEs)/harvesting period and one month of notification for invoking the risks/perils of prevented sowing, mid-season adversity and post-harvest losses. But this is subject to receipt of the total share of premium subsidy from the concerned government within time. The Ministry data presented to the Lok Sabha in December r shows that insurance companies have outstanding claims of ₹3, 381.1 crore for the period between 2016-17 and 2020-21. Of this, ₹2,822.1 crore is pending as the State governments have not paid the subsidy.

States drag their feet

The PMFBY was introduced from kharif 2016 season. It is a voluntary scheme for States as well as farmers. States can participate in the scheme keeping in view their risk perception and financial considerations. Since the inception of the scheme, 27 States/Union Territories have implemented the



PMFBY in one or more seasons.

From the inception of the scheme till 2020-21, cumulatively 2,938.7 lakh farmers, with a sum insured of ₹10,49,342 crore, have been enrolled under the scheme.

The premium under the scheme is determined through bidding. However, farmers have to pay a maximum 2 per cent for

kharif, 1.5 per cent for rabi food and oilseed crops and 5 per cent for commercial/horticultural crops. The balance of actuarial/bidded premium is shared by the union and States on 50: 50 basis (except the North Eastern States). The premium rate of crops depends on the risk associated with them and the total liability of the State depends on the actuarial/bidded premium rate, sum insured of crops, area insured, and the number of crops notified by the States.

Pendency across States

“Some States have not released their share of premium subsidies for certain seasons, and any specific reasons for such default have not been communicated,” the Ministry told the Lok Sabha in November last year. The data available with the Ministry (November 2021) shows that States have not paid subsidy of ₹321. 51 crore for the 2018-19 season, ₹1,558.28 crore for the 2019-20 season and ₹2, 863.79 crore for the 2020-21 season. Some States, including Andhra Pradesh, Bihar, Gujarat, Jharkhand, and West Bengal, started implementing their own crop insurance schemes.

Timely claim settlement needed

“Farmers have to agitate to claim an insurance amount and many don’t get it even after two seasons. The States are interested in popular politics, but not paying their share in the PM Fasal scheme. If a farmer

fails to get the insurance claim on time there is no point in participating in the scheme” says Raghunath Dhepe, a farmer. He added that farmers are losing interest in the scheme because of pending claims.

(The writer is Radheshyam Jadhav.)

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Vagaries of weather drive near 13 lakh Maha farmers to crop insurance scheme – Financial Express – 19th January 2022

Around 12.54 lakh farmers in Maharashtra have registered for crop insurance under the Pradhan Mantri Fasal Bima Yojana (PMFBY) for the Rabi season of 2021-22. According to senior officials of the State Agriculture Department, at least 44,000 additional farmers have opted for crop insurance this season, mainly due to the vagaries of weather in the state. Around 12.01 lakh farmers had registered for crop insurance under PMFBY in the 2020-21 Rabi season, Vinayak Awate, chief statistician, Maharashtra Agriculture Department said. Farmers have deposited ₹677 crore worth premium with insurance companies for this Rabi season. Maharashtra farmers have become more responsive to insurance since the changing climatic conditions causing intermittent rains, hailstorms and changes in temperatures are all damaging crops, he explained. “Farmers are planning their crop taking the September and October rains and water availability into account.

This season, there has been a 172% rise in crop insurance among farmers of Hingoli district in the state while the response has been poor from farmers of Marathwada, Amravati and Pune divisions,” Awate said. The main crops of the rabi season include wheat, maize, gram, sesame, mustard, peas, oats, jowar and bajra. Significantly, grapes and mango have suffered in the last few days because of massive rains and hailstorms. Tur has been damaged in almost all parts of the State due to massive rains a couple of weeks ago. Districts in Vidarbha and Marathwada have huge tracts under tur cultivation and farmers are expecting better returns this season. However, rains have damaged tur, wheat and orange in Nagpur, Amravati, and Wardha according to the reports. Unseasonal rains in September and October this year affected tur production in Latur and other districts of Marathwada by at least 20%. Crop damage has been reported in 5,276 hectares in the state as of January 11, as a result of recent heavy rains, as per data released by the agriculture ministry. Of the total targeted area of 51.20 lakh hectares, Rabi sowing has been completed on 52.47 lakh hectares as of January 10 accounting for 102.59%, according to the state agriculture department report.

(The writer is Yash Shukla.)

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SURVEY & REPORTS

Job instability, medical costs key concerns in COVID times: SBI Life study – Money control – 18th January 2022

Even as the third COVID-19 wave takes root in India, many are still reeling under the impact of the first two waves in 2020 and 2021, though there is a sense of optimism too, a study conducted by SBI Life has found. “In the backdrop of the ongoing pandemic, a vast majority of Indians are confident that the country would tide over the situation or a possible third wave. The confidence of being able to navigate through the situation is not surprising when 80 percent Indians strongly feel prepared towards physical immunity on account of taking either single or double dose of vaccination,” the company said.

COVID-related concerns on top of Indians’ minds

But, many are legitimately concerned about the looming challenges. The rising cost of medical treatment is the top-most concern for a large number of Indians (59 percent), at par with instability in jobs. These are closely followed by concerns (58 percent) around their health, as also that of their family concerns. The second edition of the study – Financial Immunity Survey 2.0 – to assess Indians’ attitude towards

financial preparedness was conducted by SBI Life and NielsenIQ (India), covering 5,000 respondents across 28 cities in India.



Lack of job security in pandemic times

While the employment scenario in India has improved since the mayhem unleashed by the first lockdown in March 2020, over a third of the Indians (35 percent) have not seen any recovery in their income levels that took a hit in 2020. Just seven percent of the respondents said their income has increased and 44 percent reported a restoration after pay-cuts.

COVID-19 hits Indians' financial goal-setting

The economic impact of the pandemic is clearly seen in Indians' plans for their short as well as long-term goals. Indians' ability to accumulate wealth took the biggest hit (41 percent), followed by their domestic and international travel plans (37 percent). Even the most important goal for many parents – saving for children's education – took a hit, with close to one-third (29 percent) saying that providing for their children's education was the most affected milestone.

Indians cut non-essential expenses, tap emergency funds

Expectedly, a whopping 60 percent of Indians reduced their discretionary spends, while 50 percent also had to dip into their emergency funds to meet their requirements. Around 44 percent had to focus on generating multiple sources of income and an equal proportion (43 percent) had to sell off their investments. Surprisingly, some (23-25 percent) let go of their life and health insurance policies despite the acute health crisis.

Financial security and stability top priorities

According to the study, Indians (57 percent) associate 'financial immunity' with their ability to ensure financial security and stability of themselves and their families. Earning income from multiple sources (48 percent) and having a secure job (43 percent) figure next in their lists.

Health, life insurance coverage on an upswing

Fears of COVID-19 hospitalisation costs and risk of breadwinner's death drove Indians to buy life and health insurance policies. According to the SBI Life study, 78 percent of respondents felt insurance is an extremely important part of the financial planning process. And, this attitude translated into actual purchases too – 44 percent of those polled bought life insurance policies for the first time and this figure was slightly higher, at 46 percent for health insurance.

High on awareness, low on coverage

Despite the sharp rise in the level of awareness around insurance, a majority of the Indians remain under-insured, the survey noted. "Although Indians feel insurance is important, they seem to be under-insured with ~3.8 times the (life insurance) cover of their annual income which is below recommended 10X/25X of annual income," the report said.

Ideally, income, assets, liabilities, spouse's income and family's requirements should be taken into consideration while arriving at the ideal sum assured. However, a simple thumb rule is that your total life insurance cover should be at least ten times your annual income.

(The writer is Preeti Kulkarni.)

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PENSION

Retirement planning: How EPF, NPS can help you get government-like pension - The Economic Times - 19th January 2022

Erstwhile government pension, which was available to employees who joined government service before 1 April 2004, has been one of the most sought-after pension features by most salaried people. On one hand it gave around half of the last drawn salary as initial pension and on the other hand it increased the dearness allowance (DA) every year to take care of inflation. However, for private sector employees no such pension is available as they have to primarily depend upon their retirement savings done through EPF and NPS. Though the Employees' Pension Scheme (EPS) does pay a pension, the amount is mostly insignificant. So, can a private sector employee create regular government pension-like income using EPF and NPS?

The answer is yes. Here is a look at how this can be done.

When EPF alone can be sufficient

Employees' Provident Fund (EPF) has enjoyed statutory backing as it has been mandatory for private firms with 20 or more employees to route a part of their salary towards this retiral saving. It is therefore one of the most widely used retirement saving options. So, what are the chances of you securing a reliable retirement kitty if you only depend upon EPF for your retirement saving? "If one does not withdraw from EPF, it would accumulate into a sizable corpus. If that is invested rightly, one may be able to setup a decent income through various sources. It need not necessarily be from pension products though," says Suresh Sadagopan, Founder, Ladder7 Financial Advisories.

For instance, if you started your job with a basic salary of Rs 25,000 at the age of 25 years and your salary has been growing at 5% annually then your EPF balance at the time of retirement at the age 60 years would be sufficient to have government employees like pension. As shown in the table below you would be able to manage to get a regular monthly income of Rs 1.85 lakh which will be half of the last drawn monthly salary of Rs 3.7 lakh and it will keep growing each year and can last for 30 years in retirement till the age of 90 years.

How EPF, NPS together can help you get govt-like pension

| Basic salary at age 25 years | Rs 15000 | Rs 15000 | Rs 15000 | Rs 25000 | Rs 25000 | Rs 25000 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Annual growth in salary | 5% | 8% | 10% | 5% | 8% | 10% |
| Basic salary at the age 60 years | Rs 82,740 | Rs 2,21,780 | Rs 4,21,537 | Rs 1,37,900 | Rs 3,69,634 | Rs 7,02,561 |
| Desired starting pension* | Rs 41,370 | Rs 1,10,890 | Rs 2,10,768 | 68950 | 184817 | 351280 |
| Corpus needed to last 30 years after retirement factoring inflation** | Rs 1.15 crore | Rs 3.08 crore | Rs 5.85 crore | Rs 1.91 crore | Rs 5.13 crore | Rs 9.75 crore |
| EPF corpus built during employment | Rs 1.12 crore | Rs 1.89 crore | Rs 2.73 crore | Rs 2.05 crore | Rs 3.33 crore | Rs 4.73 crore |
| Deficit for inflation proof pension | NA | Rs 1.19 crore | Rs 3.12 crore | NA | Rs 1.80 crore | Rs 5.02 crore |
| Monthly NPS contribution needed at the beginning of the job*** | NA | Rs 1,762 | Rs 3,382 | NA | Rs 2,665 | Rs 5,441 |

Assumptions: Annual inflation 5%, EPF contribution is 24% of basic salary (Minus a deduction of Rs 1250 for EPS), EPF annual return 8%, return on corpus during retirement years 7%, * half of the basic salary at

retirement, **After retiring at the age of 60 years gets a monthly pension, which includes a part of corpus and return earned on corpus, that increases each year to factor inflation of 5% for a period of 30 years *** NPS Contribution grows annually in same proportion as the rise in salary, annual return on NPS contribution is 9%.

When you need to top-up your EPF with NPS

EPF may be sufficient for some, however, it may fall short for many salaried people. For instance, if the return earned on EPF is less than 8% during the remaining employment period or there is possibility of return on retirement corpus being less than assumed 7% per annum, then you may have to look for a bigger contribution. Moreover, if annual growth of your salary is above 5% (shown in the table) then EPF alone may not be sufficient. Higher growth in salary would mean that your last drawn salary will be much higher therefore you would need much higher regular income and hence would require to accumulate much bigger retirement corpus. This is where another retirement saving tool, that is the NPS, comes to your rescue. "This has to be properly planned. People have to recognise that retirement is an important phase in life where one would require sustained income. Hence, if people have diligently contributed during their working lifetimes into EPF and NPS, it would certainly have a decent enough corpus to enable setting up a regular income," says Sadagopan.

For instance, if you started a job with a basic salary of Rs 25,000 at the age 25 and if it grows at 10% per annum, then the retirement corpus needed for government employee like pension would be Rs 9.75 crore (See the table). But your EPF corpus will only be Rs 4.73 crore. In such a scenario if you contribute Rs 5,441 per month over and above your EPF deduction and increase it in the same proportion as the rise in your salary then you would be able to create a retirement corpus of Rs 5.02 crore through NPS if the annual return is 9%.

NPS boosts the net return through additional tax saving

There is no alternative to the tax saving opportunity that is available on NPS contributions. This becomes an effective tool for people falling in the higher tax brackets to not only boost their retirement kitty but also supplement it with additional tax saving. "Additional and exclusive tax deduction benefit of up to Rs 50,000 under section 80CCD for investment in NPS helps in boosting the overall returns, especially for those falling in the highest tax bracket of 30%," says Rishad Manekia, Founder and MD, Kairos Capital. If you add this tax saving to your NPS return, the net return would go much higher. "Any additional tax saving helps to boost your net return. Therefore, the additional benefit that one gets because of investing in NPS boosts the post-tax return. I think not only tax benefits, but you should also look at NPS being an additional source of avenue to save money for a retirement income," says Santosh Joseph, Founder and Managing Partner, Germinate Investor Services.

What if you exhausted EPF balance at mid stage of career

There is a large number of people who either do not have any saving in EPF or have very low balances at the mid stage of the career. In such a scenario additional investment in voluntary provident fund (VPF) may be of great help. "VPF forms a very good part of a person's portfolio and savings, especially for investments. We know that in asset allocation towards retirement, it's good to have a certain amount of fixed income or debt, and therefore VPF forms that part very well into the portfolio. Additionally, since it's also a long-term debt investment with the tax benefit and also with a good interest rate in the given scenario, it's good to consider VPF to boost retirement kitty," says Joseph.

Besides VPF you may look at other options as well. "VPF can be one of the options, as it gives fixed returns and tax deduction as well under section 80C of the Income Tax Act. However, one has to compare it with other avenues such as Mutual Funds, which gives flexibility and have potential to give better returns in the long-term," says Manekia. For instance, people during age bracket of 40-50 years have more than 10 years in hand and hence can use equity to shore up their retirement saving.

Investing for post-retirement inflation is a must

One of the common miscalculations which most people do while saving for retirement is the ability of the corpus to compensate for the inflation by raising the regular income regularly. "The government pension will be inflation adjusted and will also go up with the pay commission. That would not happen here and hence one needs to be careful while accumulating and setting up the income," says Sadagopan. Therefore, retirement corpus should either be big enough so that it can compensate for the inflation or it should earn a higher return. "Depending on the risk appetite some portion of the retirement corpus can be invested in equity-oriented instruments like mutual funds," says Manekia. If you are not comfortable with the idea of investing a part of your retirement corpus in equities, then you will have to do it earlier during accumulation phase so as to shore up your retirement corpus. "The sooner you do, the better it is because over a period of time, the risks in growth-oriented assets like equities and real estate get evened out. Therefore, it's good to start soon, start young, and start early," says Joseph.

(The writer is Naveen Kumar.)

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PFRDA to soon allow NPS subscribers more investment leeway - Live Mint - 19th January 2022



The Pension Fund Regulatory and Development Authority (PFRDA) has announced that it will soon allow subscribers of the NPS scheme to change the investment pattern as many as four times during a financial year as there has been a demand to increase the limit its Chairman said. As of now, the subscribers under the NPS scheme are allowed to change the investment pattern twice in a financial year. Just last month, PFRDA Chairman Supratim Bandyopadhyay said, "one can change the investment choice twice in a year. Now, in a very short period of time, we are going to increase it to four times because there are requests that you allow more number of times (to change the investment pattern)."

The only cautionary note PFRDA wants is that it is a long-term investment (product) to build a pension corpus, and it should not be treated akin to a mutual fund scheme, he said. "People sometimes mix it up with some mutual fund kind of thing that can give good returns. You have to give it some time and thereafter, only you can use it (changing option). Use it judiciously, we are going to increase it to four times in a year (financial year)," the Pension Fund Regulatory and Development Authority's (PFRDA) chairman said. Subscribers are allowed to allocate their investments in a mix of instruments such as government securities, debt instruments, asset-backed and trust-structured investments, short-term debt investments, and equities and related investments.

However, there are different rules for different sets of subscribers. For instance, government sector employees cannot have high exposure towards equities, while the corporate sector employees are allowed to allocate as much as 75 percent of the asset towards equities. Separately, the subscribers are also allowed to change their fund managers once in a year. The fund managers invest subscribers' pension assets in the prescribed investment schemes, as per their choice. Currently, pension fund managers under NPS are — ICICI Prudential Pension Funds Management Company, LIC Pension Fund, Kotak Mahindra Pension Fund, SBI Pension Fund, UTI Retirement Solutions, HDFC Pension Management Co, and Birla Sun Life Pension Management. Bandyopadhyay also said the PFRDA wants to offer a variable annuity product to the subscribers after retirement, aimed at shielding them against inflation. "Once the annuity starts, that remains constant for your lifetime. Of course, there is one annuity

(product) that gives a simple rise of three percent per year but obviously, that will not take care of the risk of inflation. "We have been talking to the insurance regulator (Irdai) because annuity is basically their domain and we have been talking to the annuity service providers also if they can think of this kind of variable annuity which can give some cushion against the rise of inflation," he said.

The PFRDA chairman said the Insurance Regulatory and Development Authority of India (Irdai) has made a working committee and a report has also been submitted by the committee. "We are in discussion with Irdai to ensure that those kinds of products are released as quickly as possible," he added. The NPS subscribers are required to buy annuity with 40 percent of the corpus at the time of retirement to get a steady stream of pension. The official also urged the industry body to urge the corporates associated with it to opt for the NPS scheme as well as to encourage their employees so that the pension needs at the time of retirement are taken care of well. He said that even as the total number of subscribers under the National Pension System (NPS), including Atal Pension Yojana (APY), has crossed over 4.80 crore as on date, a meagre 13 lakh subscribers are from the corporate sector.

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IRDAI CIRCULARS

| Topic | Reference |
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GLOBAL NEWS

Australia: Around 40% of homeowners confident they have sufficient home insurance - Asia Insurance Review

Most Aussies are insured but their cover may not be right, according to the results of a survey commissioned by insurance giant QBE. Of those that own homes and have home insurance (96.1%), just 41.6% are confident the amount their home is insured for is enough, reveals the findings of the survey on the behaviours and attitudes of more than 1,000 Australians, aged 18-65, which was completed in October 2021. Less than half (43.1%) of those who have contents insurance are confident the amount they were insured for would be enough to cover the replacement value of their belongings. QBE also gives several pointers on what homeowners can do to help them deal with disasters.

1 Obtaining appropriate insurance coverage

Mr Arron Mann, general manager (Claims), QBE Australia Pacific, says that homeowners have to be aware of the exact nature of their home insurance coverage. He said, "While events like storms are covered in most home policies you might find that you aren't covered for some catastrophe scenarios like flood or bushfire. QBE's policies provide cover for these events but not all policies do." Reading policy documents is key to this, but many Australians aren't paying close attention to these important documents, according to the findings, says Mr Mann. Of those who had personal insurance including comprehensive car or home and/or contents insurance (83.9%) an alarming 42% say they have either never read their PDS and policy documents or were unsure when they last read them. "It's also important

to understand the specific types of events that could affect your home or vehicle and then it's about making plans and taking action accordingly. Local councils and emergency authorities can help you identify risks in your area, outline any local plans and give recommendations for each," Mr Mann stressed.

2 Carrying out home maintenance

QBE's research also reveals that 70% of Aussies have one or more home disaster preparation and protection measures or practices in place. However, concerningly the vast majority don't have a regular home maintenance schedule to support disaster protection (70%). Mr Mann said, "Regular home maintenance is an essential part of disaster preparedness and in many cases is the most powerful protection measure. "Things like clearing debris from gutters, having the roof checked for damage, having cracks and gaps sealed, and ensuring tree branches are trimmed back are simple measures - but can make all the difference.

3 Knowing one's neighbours

When disaster strikes, knowing your neighbours and having connections with your community can make a big difference in dealing with a disaster situation, and according to the research, many Aussies do. Four in five Australians (81.1%) know their neighbours, and 45% say they know them better than they did 12 months ago. But just 9.4% of respondents have discussed disaster preparedness with a neighbour. "If something hits and you're not home, knowing your neighbour can be extremely helpful even if it's just to bring the dog inside or tie down some outdoor furniture." But they may in fact help in far more significant ways. "In many emergency situations, the person most likely to come to your aid will often be a neighbour or local. By building a support network of people in your community you can help each other prepare before and get by during, and after, an emergency."

4 Talking to family members about disaster preparedness

Many Australians expect family support to be key for helping to deal with natural disasters or extreme weather if one were to impact them, with 55% of research respondents saying they would rely on family for general support. Yet, not only do most Aussies (71%) say they don't have a plan for an extreme weather event or a natural disaster hitting their home, but they also haven't even talked about it with the ones they love. A significant 64% of Australians haven't discussed natural disaster planning or preparedness with anyone, including immediate family members in the last 18 months. Under 30% (28.2%) of respondents have discussed disaster preparedness with immediate household members.

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Reinsurance: Jan 2022 renewals mixed on price changes - Asia Insurance Review

The reinsurance market showed mixed results at the January 2022 renewals as only loss-affected lines of business, such as property catastrophe, cyber or retrocession, continued to see significant price increases, Fitch Ratings says in a new report. Prices for loss-free market areas, such as casualty lines of business, stayed the same or fell as they benefitted from an increase in available capacity. Fitch estimates risk-adjusted prices to improve by around 1% on average over all segments in 2022, assuming a normalised level of natural catastrophe claims. This is less than in 2021, but will still support the sector's improving technical results.

Loss-experience drives price changes

In contrast to 2021, the January 2022 renewals were characterised by a tight correlation between the recent loss experience and the respective price movements. Rate increases were most pronounced in those lines of business that had a surprisingly high amount of claims in 2021, such as property catastrophe in Europe, cyber, and the retrocession market. Conversely, the price improvements of the past couple of years were deemed sufficient in most casualty lines of business, which led to a stronger

interest in quota-share treaties and rising reinsurance commissions paid. Premium rates also fell in trade credit insurance as claims did not increase as anticipated.

Reinsurance capital increases on improved profitability

Both traditional and alternative reinsurance capital increased by 3%–4% during 2021, despite the heavy losses of more than \$100bn caused by natural catastrophes. While the alternative capital space benefitted from continued inflows into catastrophe bonds, in particular, traditional reinsurers' capital increased following improved underlying profitability.

Catastrophe bonds growing in momentum

More than \$12bn of new catastrophe bonds were issued in 2021, marking a new record level for this subsegment of the alternative capital market. Outstanding volumes consequentially grew to \$30.9bn at end-2021 (end-2020: \$28.0bn), as a lower volume of maturing catastrophe bond programmes needed to be replaced. Once again, catastrophe bonds increased in importance for the reinsurance market in 2021.

Return on capital

Fitch expects that the reinsurance sector will slightly improve its return on capital in 2022 to above the high-single-digit return forecast for 2021, reaching a level that is broadly in line with the industry's cost of capital. This comes on the back of another year of risk-adjusted price improvements in 2022.

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