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QUOTE OF THE WEEK

"A goal is not always meant to be reached, it often serves simply as something to aim at."

Bruce Lee

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Family Coverage

Family coverage is an insurance policy that covers an entire family. Often, employers offer it as a benefit for their employees. Family coverage can include dental insurance, health insurance, life insurance, accidental death and dismemberment insurance, and more. Such plans may also be purchased outside of an employer network.

The benefit of family coverage is one policy insures the whole family. This means the family does not need to shop for and purchase individual plans for every member. Spouses, dependent children, ex-spouses, domestic partners, and dependents of domestic partners are all people who can potentially qualify for family coverage. Many employers offer this kind of coverage because it can be very appealing to employees who have families and could thus benefit substantially from this arrangement.

INSURANCE INDUSTRY

Five digital integrations which are changing the equations in insurance space – The Times of India – 6th April 2022

India's insurance penetration continues to be low at 4.2 percent, with a nominal increase from 2.7 percent in 2001, while that of other Asian countries such as China, Malaysia, and Thailand were at 4.3 percent, 4.72 percent, 4.99 percent in 2019 (these countries reached India's existing penetration rate three years before), and the penetration in these countries are increasing at a fast pace. In FY 21, our insurance density had only reached $78 from $11.5 in 2001, out of which life insurance stood at $58 and non-life insurance $19. Global figures for the comparative period were $379 and $439 for the life and non-life segments respectively.

Experts hold the lack of awareness, traditional branch-led model and humongous amounts of paperwork as core reasons for low insurance penetration in the country. But that also means if we counter the lack of awareness and change the outreach model, India can definitely increase insurance penetration in the country. The last two years have witnessed a massive growth in the digital insurance model, which have eventually eased out the processes for insurance manufacturers, distributors and end consumers. We have seen how digital has been successful in making the end-to-end insurance life cycle seamless. Thus, digital is the only way forward in the times to come.

Five digital integrations which are changing the equations in Insurance space

Internet of Things (IoT): Right from the start, IoT has been useful in automating all data sharing, by integrating IoT devices with smart homes and/or wearable devices. In insurance too, this raw data is being mined to get better, more accurate rates, mitigate risks, and thus prevent losses. By offering real-time customer data, IoT is transforming the insurance landscape by making it loss-proof, which according to some estimates can trim down annual claim settlements by 40-60%.

Artificial Intelligence (AI): The level of AI available today is already assisting the insurance sector in claim processing, by decreasing human intervention and turnaround time. This leads to offering quick, customised services and experiences to consumers, especially during the purchase process. Not only are insurers able to execute quick claim turnaround cycles but the claim settlements are more accurate and

error free now. Customers too are happy due to the customised experience and quicker settlement processes, while also being able to check their claims history and stay up-to-date on the payment schedule.

Blockchain: If used correctly, Blockchain holds untold opportunities in insurance, especially in the difficult categories of risk prevention, fraud detection, and secure cross-border payments. It is estimated that 5-10% of the total insurance claims in the US are fraudulent and costs health insurers over $40 billion annually, which Blockchain can help prevent. Though similar figures are not available in India currently, but the estimations of fraudulent claims in India are also likely to be around 5-10%.

Data analytics for personalization: Consumers are ones to feel the direct benefits of data analytics. Insurers now use micro-targeting to reach out to consumers and offer insurance products which suit their individual needs. They enjoy personalised insurance products and services, an option which was not available some time back. Consumers are witnessing the process turnarounds-be it purchase, claims or payout, becoming shorter and simpler, with far fewer errors. Most importantly, most processes are offered from the comforts of their home, through a simple, efficient dashboard without consumers having to step into any office.

Application Programming Interface (API): It helps in smart claims management by building efficient integration in terms of patients' eligibility and data, digital claims management etc. into the fabric of the insurance's claims process. Insurance companies integrate APIs keeping in mind the regulatory and compliance requirements and business targets.

In India, even in the 21st century, there are over 30% of citizens who are deprived of any health insurance. Hence, there is a huge potential for low-cost, simple health and other insurance products, to help us on the path of ideal universal coverage. In such a scenario, strategic collaborations between InsurTech companies can make the future of the industry brighter.

(The writer is Indraneel Chatterjee.)

TOP

How insurance companies and InsureTech partnerships are shaping up - The Economic Times – 6th April 2022

Industry leaders expect partnerships between insurers and InsurTechs to work very closely over the next two years, and bring new, innovative and financially inclusive insurance products, which is essential to tackle the emerging "digital wave".

These collaborations will also integrate more tightly than ever before through their tech stacks, underwriting and pricing models, claims adjudication, and compliance, leaders said.

"Insurers are partnering with InsurTechs for the adoption of technologies such as Automation, Big Data, AI/ML, Blockchain, etc. to drive excellence across their value chain in areas such as personalized product design, digitally enabled salesforce, proactive risk management etc," Prerak Sethi, Co-Founder, India InsurTech Association said.

Sethi highlighted that the industry is also seeing a number of new InsurTech startups coming out of India, who are building world-class SaaS, analytics, and deep tech companies with global reinsurers and insurers as clients. "Over the next 3-5 year horizon, we can anticipate that we would have at least 5 InsurTech unicorns in these categories," he said. India has seen a number of new and funded InsurTechs come up since 2020, which has enabled digital distribution in spaces like employee benefits, embedded

insurance, and rural insurance, and led to more innovative digital experiences for customers at the point of sale and servicing.

Sarbvir Singh, chief executive officer of Policybazaar.com, feels that as consumer awareness grows, the role of InsurTechs goes beyond being a digital interface and is crucial in expanding the scope of products. "It has now become easier to offer personalized offerings and multi- channel touch points for an exceptional customer experience. Also, insurers trust InsurTechs with assessing the cumulative risk accurately and achieving cost-efficiency together. This helps provide the customer with a customized product at a competitive price," he explained.

The Digital Wave

Technology has moved beyond being just another fancy “addition” and is now a necessity, according to Vivek Chaturvedi, Head of Direct Sales, Digit Insurance.

Insurers are either building systems internally for better tech integration or onboarding partners who offer advanced tech solutions at different points across the value chain.

"Integrating proficiencies makes immense sense in the ever growing and insatiable field of technology, and here’s where partnerships help" he added.

Since the COVID-19 outbreak, segments across-the-board have seen a massive technological transformation, which led to the emergence of InsurTechs. According to leaders, these companies can work hand-in-hand, and will together witness a “sea of change”.

According to Bikash Choudhary, chief risk officer at Future Generali India Life Insurance, insurers have experienced a sea change in the way business was solicited with most having an end-to-end digital buying process.

"Evolution of hyper personalization etc. has become possible only because of the involvement of technology. In days to come, one may expect dynamic pricing based on the customer profile. Ever-evolving API ecosystems such as the Account Aggregator (AA) framework, which can provide easy access to financial data across different parties, can further ease the policy issuance process," he said. The government has also been pushing the Digital India initiative and other Digital-based policies and schemes, and with it comes a host of opportunities for insurance partnerships to thrive, said Dipak Nair, Chief Technology officer, Tata AIG General Insurance.

"From traditional channels, business models and partnerships, the insurance sector has transformed into one that is multi-channel, has digital business models and relies on an ecosystem of partnerships. Many industries and segments like Fintech, AgriTech, Health-tech, e-commerce, payments platforms, and other start-ups such as garage aggregators, travel portals, e-retailers, logistics and even edtech etcetera, are involved with how insurance is sourced and serviced making it go beyond the traditional boundaries and capabilities," he added.

Symbiotic relationship

Sourabh Chatterjee, Head - IT, Web Sales & Travel, Bajaj Allianz General Insurance believes that there is a symbiotic relationship between insurers and InsurTechs, and the latter can be classified into 3 core categories – solution providers, distribution partners, and Insurance OEM.

"Insurance companies and Insurtechs which provide solutions and even those which are distribution partners have a symbiotic relationship and both benefit from each other. While Insurance companies have Customers and scale, Insurtechs bring in new ideas, solutions, different ways of looking at the product, and ways and means to service the Customers faster and smarter," he said.

Embedded Insurance

Today’s value conscious customer is wanting to pay only for what they use and do not want to be locked in for a long time, said Rakesh Kaul, Chief Distribution Officer, Edelweiss General Insurance, who strongly believes that embedded insurance could address this trend.

"Say for example, flight cancellation - a moment when insurance can safeguard the customer's financial interest. Digital collaboration in this space will ensure the right product is made available at the right time and at the convenience of the customer," he said.

The digital wave is clearly changing the way products are researched, bought, and consumed, which is why it is inevitable for insurers to adopt a digital lens in providing simple and convenient solutions to address preferences of the new age customer, be it in metros or Bharat, Kaul added.

(The writer is Sheersh Kapoor.)

TOP

Insurers raise premium: Group health, cyber cover now 40% to 100% costlier - The Indian Express – 5th April 2022

The new financial year of 2022-23 has seen a sharp rise in renewals of insurance premiums across categories with group health policy costs rising by up to 40 per cent cyber coverage witnessing an 80-100 per cent jump.

Reinsurers led by GIC Re and general insurers led by New India Assurance (NIA) have hiked their premiums by up to 20-30 per cent in certain segments – other than health and cyber — depending on the group and customers.

The recent developments in the Indian insurance industry, which is expected to reach Rs 2.25 trillion in 2021-22, indicate there have been large premium hikes in aviation, marine, group health and liability business including cyber cover, insurers said.

"We are putting our pricing approach on a more sound technical basis and have tried pricing correction wherever we feel it is warranted,'' said Devesh Srivastava, CMD, GIC Re.

According to Supriya Rathi, Wholetime Director, Anand Rathi Insurance Brokers, the reinsurance premium for cyber has gone up by 80 per cent to 100 per cent and the fast-rising demand for cyber insurance is met with the broker's vast network of reinsurers in Asia and across the globe.

While the property line of business has seen some amount of stability in terms of pricing, the advantages have been largely neutralised by a cut-throat competition among the re-insurers to grab the huge SME business.

"We have seen a price increase of 40 per cent in our group health portfolio due to higher claims because of Covid-19 pandemic,'' said Vinay Sohani, CEO & MD, Gallagher Insurance Brokers, Indian subsidiary of US based Arthur J. Gallagher & Co.

GIC Re has the first right of refusal and commands over 60 per cent of the market share in the Indian reinsurance market which had a size of over Rs 44,000 crore in 2020-21. The market has evolved to become far more segmented and sub-segmented and any broad-brush impact is increasingly difficult to see, said an official.

The aviation class is presently facing uncertainty due to major claims on leased aircraft and this will certainly impact the aviation class. However, market-wide impact is not expected to be significant, Srivastava said.

Globally, there is a churn following record level catastrophe losses during the last three-four years and the situation was exacerbated by the pandemic. It is expected that the premium hardening witnessed during the last couple of years will sustain for at least for some time, Srivastava said.

The April market continued to signal a hardening stance in general across both property engineering as well as motor third party for the markets by reinsurers, said a senior official of a foreign reinsurance branch (FRB). "However, capacity is generally available and absence of substantial losses in India point to a flat to a moderately higher renewal in non-proportional on average with significant variance between accounts,'' the official said.

The premiums for cover have increased as cyber-attacks are on both confidentiality and availability especially in the industrial sector with 330 firms hit in the last six months, Rathi said. "The number of cyber claims has increased multiple folds with 4.5 per cent of firms with 1st party cover now making a claim with an increase in the size of the claim. "Since the pandemic we are seeing increasing demand and need for cyber cover across other sectors and in the last two quarters. We are working with large manufacturing companies as well for cyber-crime insurance coverage,'' Rathi said.

Cyber risks present accumulation potential which is more challenging than even a pandemic since it has evaded the geographical dimension of risk accumulation. "We remain quite conservative here. The emerging segments do see robust growth and we will continue to provide capacity for such opportunities," GIC said.

(The writer is George Mathew.)

TOP

Innovations that transformed the insurance landscape in India – The Economic Times – 4th April 2022

In a country like India where there is a large middle class that doesn't have a standardized social security cushion to fall back on, having insurance is critical. And yet, until two years back, India's insurance penetration numbers failed to reflect this urgency on the part of potential beneficiaries.

The Covid-19 pandemic has reiterated the transitivity of life and highlighted the critical importance of having a financial security plan in place. Meanwhile, technology has effectively addressed an average policyholder's pain points and enhanced the overall insurance experience. In the past two years, there has been a timely coming together of these innovations and the desired audience's readiness. The fruits of this intersection can be seen in India's gradually improving insurance penetration.

As per IRDAI's annual report, insurance penetration in India increased from 3.76 percent in 2019-20 to 4.20 percent in 2020-21, recording a growth of 11.7 percent. The report also suggests that the gross direct premium underwritten by non-life insurers increased by 12 percent in the financial year up to November 2021, while health insurance increased by 29 percent during the same period.

Let's take a look at the key insurance innovations in India and understand how they have made it possible for insurers to provide customers with user-driven and empathy-rich experiences:

Virtual onboarding

A customer's onboarding marks the official beginning of the customer-insurer relationship. Today, a customer can begin their journey with their chosen insurer completely online. During the pandemic, the IRDAI announced paperless signature policies which gave a massive push to the digitization of the onboarding process. From E-KYC and policy comparison to premium calculation, the customer can now complete all processes from the comfort and safety of their homes. Even the medical tests conducted prior to policy issuance have been replaced by tele-medical check-ups.

Tailor-made insurance products

The biggest positive change in the Insurance landscape has been brought about by introducing customer-centric products. The policies are now designed to cover PEDs (Pre Existing Diseases) like Diabetes, Cardio Vascular diseases and Hypertension right from Day 1. According to the World Health Organization, cardiovascular diseases (CVDs) cause 45% of deaths in the 40-69 year age group in India. A recent report by the Indian Heart Association suggests that heart disease rate among Indians is double that of the national averages in the West. This, in turn, is spurred by diabetes and hypertension. So, adequate coverage for these diseases in health covers is important.

The industry has taken a deeper interest in the challenges facing the Indian customer across age groups. For instance, now there are exhaustive maternity benefits in health insurance policies. This has been rather helpful for policyholders in the age group of 20-35 years. It saves them the pain of paying for maternity-related expenses out of their savings. Similarly, OPD coverage has come as a welcome change for policyholders. Earlier, health plans would only offer coverage in case of hospitalization of the insured. But now, even regular hospital visits for something like viral fever or a dental treatment are taken care of. Policyholders can even get reimbursements for pharmacy bills.

Even through the Covid-19 pandemic, health policies have matured to accommodate the changing needs of the customers. Consumables used to account for only 6-7 percent of the hospital bill prior to covid. However, now the amount often goes up to be even 20% of the total bill. While consumables were not covered by the insurance plans historically, now they are accounted for. Similarly, after the third wave of the pandemic, the industry has realized the need for relaxing the cooling off period faced by a Covid survivor while buying an insurance policy. The cooling off period has been reduced from three to six months to as less as a week. In some cases, there is no cooling off period at all.

Simpler and faster claim settlement

The most pivotal, defining moment of the insurance experience for any policyholder is claim settlement. Traditionally, claim settlement could turn out to be tedious. It would require the policyholder to invest a considerable amount of time and effort in paperwork. Now, the average claim settlement time has been reduced to as less as 30 minutes by InsurTechs. This new, time-efficient and user-friendly process is in line with the latest IRDAI regulations against the backdrop of the pandemic. The need for visiting the insurer's office physically has been eliminated.

Prevention of fraud and collusion

The digital medium is a highly trackable medium. So, online insurance processes decrease the risk of fraudulent activities in the insurance space. To further give each policyholder vault-like security, there is Artificial Intelligence. It can analyze customer data and red flag any unusual activities. It can predict liabilities as well as prevent fraud in real time. Tools like predictive behavioral analytics and digital identity verification make this possible. These tools can easily detect anomalies that the naked eye cannot.

To conclude, the biggest contribution that tech-based innovations have made to the world of insurance is giving insurers the bandwidth to be more empathetic and informed about the needs of the policyholder. With the insurance experience becoming comforting and enabling, a larger number of customers are likely to get insured – and for the right reasons.

(The writer is Sarbvir Singh.)

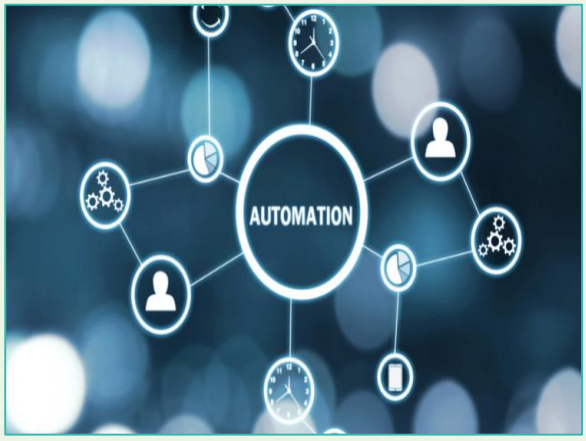
TOP

How automation is bringing advantage to core insurance functions? – The Times of India - 4th April 2022

The insurance segment, over the years majorly depended on the traditional branch-led manual model. Physical interactions, visiting an insurance office for end-to-end insurance process, multiple documentations, signing hard copies formed the very base of insurance. In the last few years, there been a massive transformation in the insurance sector, with digital coming into play and now taking the lead

over the tedious manual process. To add to this, Covid-19 pandemic acted as a catalyst, in building awareness about the importance of insurance and highlighted the humongous benefits of contactless, faceless, digital insurance, which made the entire process seamless and quick.

In the last two years (especially after Covid), there has been a radical shift towards InsurTech, wherein consumers both in the urban cities as well as from the semi-urban and even rural pockets of the country benefited enormously from the tech driven insurance models.



Consequently, the entire insurance eco-system, starting from insurers, distributors, aggregators and consumers were pushed to leverage digital technologies for an improved insurance experience. Technology has been helping insurance reach to the masses, fasten the process, with policy issuance in minutes. Over the time, many technology developers came up with new and innovative products to make underwriting, risk assessment, claim settlements seamless for consumers. Below are some ways how automation has been making a difference in core insurance functionalities:

AI helped in scaling up of business- AI is no more 'Just a term' in insurance. In the last few years, many tech development companies have scaled up their capabilities in providing tech support to the insurance value chain. AI has become more real-time, driven by algorithms. It has helped in the use of historical data, underwriting risks, claims, geospatial data, and has been providing insights for creating risk-based products within minutes. AI has been instrumental in assessing risk profiles of consumers more accurately, which in turn helped insurance companies issue policies as per the consumer's credit score and finance portfolios, in lesser time. AI is disrupting the insurance distribution space and it will change the face of digital insurance in the times to come.

Claim settlements are becoming faster and seamless- As insurance companies jostle to increase their consumer outreach, one of the key determinants for consumers making up their minds is the claim-settlement ratio. Settling claims have never been easy, as insurance companies have to process thousands of claim requests on a daily basis, depending on their consumer base. Manual process, not only made claim settlements slow but increased the operational costs of insurance companies. Automation has helped in streamlining claim settlement processes, in many cases, it has helped in reducing claim settlement turnaround time by 70%. Starting from data capture to settlement initiation, approval of claims, tracking of payment and recovery, and processing of legal issues to managing communication, AI and other tech tools have drastically reduced the turnaround time.

Personalization of insurance products for consumers- Who ever thought, the concept of micro-targeting could be applied in insurance too. But InsurTech developers, with the help of data analytics have gathered large amounts of information from the digital footprints of consumers, financial portfolio, spending behaviour and accordingly helped insurance companies reach out to consumers with the right kind of insurance. Companies are also now looking at creating personalized insurance products for consumers, which are in sync with their needs and preferences, this will drive the next big growth in the insurance industry. With cyber security tools, companies ensure that the data gathered is safeguarded for consumers. Not just that, InsurTech developers are constantly working towards making the entire user experience seamless.

Connecting insurance agents and consumers through Hyperlocalization: Could you imagine the insurance sector working like food delivery aggregators or like Google 'Near Me', where consumers can connect with insurance agents within minutes, in the same vicinity. InsurTech developers made way to Hyperlocalization with the use of AI/ ML, where consumers could choose insurance agent within the same locality, over an app and connect with agents within minutes. While the model is still at its nascent

stage in India, Hyperlocalization will bring in a dynamic shift in the way agents and consumers connect with each other.

(The writer is Balachander Sekhar.)

TOP

INSURANCE REGULATION

Irdai seeks revised business plans from three public insurance companies - The Economic Times – 7th April 2022

Insurance sector regulator Irdai has sought revised business plans from three state-owned general insurance companies - National Insurance Company Ltd, United India Insurance Company Ltd and Oriental Insurance Company Ltd - that are facing financial issues, a top official said. The three state-owned general insurance players will have to meet certain regulatory milestones, set by the regulator to be able to get fund infusion, Irdai Member (Non-life) T M Alamelu said on Thursday.

"For these three public sector general insurance companies, we have asked for revised business plans. The fund infusion would depend on their compliance with certain milestones we have laid out so that there is a calibrated way of coming out of this situation," Alamelu told reporters. She, along with Insurance Regulatory and Development Authority of India chairman Debasish Panda and other senior officials, met CEOs and other key officials of life, general, health insurers and reinsurers in Mumbai.

Irdai chairman said the government has asked for some information on state-owned general insurance companies from Irdai and the same has been shared with them. "The government is very much aware of the present financials of insurance companies. The regulator has given some forbearance with the advice also that may be they have to infuse more capital in order to perform better," Panda said. Recently, in the third batch of supplementary demands for the current fiscal year, the government had sought Rs 5,000 crore for the recapitalisation of four public sector general insurance companies.

TOP

IRDAI chief seeks to reduce compliance burden, to allow new entrants with focus widening reach – The Hindu – 7th April 2022

The Insurance Regulatory and Development Authority of India (IRDAI) has decided to rationalise the existing regulatory framework and reduce compliance burden on regulated entities to support the growth of the insurance sector, its new chairperson Debasish Panda said in Mumbai.

The former Secretary of the Department of Financial Services in the Finance Ministry, who took over the new responsibility a few weeks ago, held several interactive sessions with insurance industry officials on Wednesday and Thursday to identify steps to 'harness the full potential of the sector and to ensure every Indian has appropriate life, health and property insurance cover'.

The regulator will soon set up several committees or work groups to help suggest changes so that the Centre may be approached to bring out amendments to the Insurance Act.

"There is need for changes in the regularity framework," Mr Panda said at a press conference. "Market conditions are changing and the regulations were framed when the industry was beginning to grow. Then there was need for tougher regulations but today, the industry has matured and there is competition," he

added. “So we will have light regulation and will have more tech-based supervision. Now the regulations are rule-based. It will move towards principle-based,” he emphasised.

He said IRDAI would like to create a framework to enable new entities to enter the insurance market with the focus on having special outreach to areas where insurance penetration has been low. The regulator would reach out to foreign investors and others, with the assurance that more licences would be given consideration.

He said the regulator would like to create a framework to enable new entities to enter the insurance market in India, with special outreach to global investors for enhancing foreign direct investment into the country. “The current provision as per the statute is that one has to invest $100 crore to start an insurance business in India. We are of the opinion that we should allow multiple differentiated players, such as captive insurers, standalone micro-insurers, niche players and regional entities to enter the insurance space,” Mr. Panda said.

“The ₹100 crore is a barrier rather than a facilitator. We will request the government to amend the Act and remove this so-called minimum requirement and allow the regulator to decide and amend [the limit] time to time depending on the requirement,” he added. The regulator has also proposed to dispense with the renewal of registration for insurance intermediaries and to introduce Bima Mitra on the lines of Bank Mitra to enlarge the scope of distribution. The aim here is to bring ‘insurance to every doorstep’.

He said new distribution channels would be introduced and at the same time, the scope of existing distribution channels would be widened to ensure widespread availability of insurance products. The recently-appointed chairman said IRDAI would facilitate data analytics for identifying gaps in insurance coverage and assess market needs. It will also embrace emerging technologies to improve efficiencies in delivery of services by insurance companies. There is also a proposal to allow insurance companies to offer allied and value-added services to policyholders and review the effectiveness of the existing insurance ombudsman system.

TOP

LIFE INSURANCE

You can continue to buy life insurance policy without signature, as IRDAI extends timeline – The Economic Times – 6th April 2022

The Insurance Regulatory and Development Authority of India (IRDAI) has extended the ease of not requiring physical signatures on life insurance policy proposal forms and allowing OTP-based validation until September 30, 2022.

According to an IRDAI circular dated March 31, 2022, “It has now been decided by the Authority to further extend the facilitation dispensing with physical signature on proposal forms and permitting OTP based validation, up to 30/09/2022. All other provisions, in respect of this dispensation, of the above referred circulars remain unchanged.”

In the case of health insurance policies, the timelines for dispensing with physical papers and wet signatures on the proposal form have been extended.

“This has reference to IRDAI circulars Ref: No. IRDA/NL/CIR/MISC/237/09/2020 dated 10th September, 2020 and further extension granted vide Ref:IRDAI/NL/CIR/MISC/064/03/2021dated 24th March, 2021 and Ref: IRDAI/NL/CIR/MISC/247/09/2021 dated 13th September,2021 on the above subject. It has now been decided by the Authority to further extend the dispensation allowed for proposal in physical

form and wet signatureon the proposal form upto the period 30/09/2022," stated an IRDAI circular issued on March 31, 2022 to general insurers.

Due to the covid lockdown restrictions, many people found it difficult to purchase new health insurance coverage during the pandemic. On September 10, 2020, the insurance regulation permitted health and general insurance companies to obtain policyholder agreement via electronic or digital means, removing this barrier to obtaining new policies.

The exemption for wet signature on a hard copy of an insurance policy was originally valid until March 31, 2021, however IRDAI extended it until September 30, 2021 in the aftermath of the second wave of the pandemic. However, because the epidemic is still affecting many parts of the country, the exemption has been extended from March 31, 2022 to September 30, 2022.

The insurance regulator issued guidelines for the granting of health insurance plans that did not require wet signatures on the proposal form's hard copy. It required insurers to transmit the policy document and proposal form to the customer's registered email address or mobile number in a digital/electronic format.

The insurance regulator permitted insurers to obtain consent from prospective clients in a digital or electronic format. If the proposer accepted, he had to confirm his agreement by clicking a link or entering a One Time Password (OTP).

(The writer is Sneha Kulkarni.)

TOP

Gap between intent and action, reveals first D&I survey from India Diversity Forum - The Economic Times – 4th April 2022

Diversity and inclusion has top leadership sponsorship and support and is a board-level agenda in many companies but only 42% of the companies surveyed in the first D&I survey from the India Diversity Forum have a written D&I policy. Against 93% of the companies agreeing that they proactively promoted hiring women across levels, only 44% have made at least 33% women hires over the last three years.

Even as D&I increasingly becomes a conversational point across India Inc, the gap between intent and action has come out in the survey of 51 companies by India Diversity Forum, an independent industry body formed to create awareness and bring issues about D&I on one platform. The survey shared with ET is part of the run-up to the India Diversity Conclave on Wednesday.

Most companies have made higher percentage of women hires in FY21 than percentage of women in the workforce, found the survey. However, nearly half the companies survey made less than 20% women hires from campus in FY21.

93% companies consider themselves 'Equal Opportunity Employer' but the ground reality seems different. Similarly, 66% respondents agree opportunities for People with Disabilities (PWD) are on the rise, however PWD representation still stands very low, with 60% of cos surveyed having no PWD representation.

While 54% companies welcome LGBTQ+ Community only 39% companies are taking proactive steps to increase sensitisation, found the survey. Representation of LGBTQ+ community is weak among the surveyed companies.

Against 88% who self agree they do not discriminate employees based on 'age', only 22% companies hired at least 5% employees over 50 years.

76% companies agreed that embracing D&I has led to business improvement and that D&I has a positive impact on business performance and reputation. The majority of the companies believed that their D&I programs are on track to deliver desired results.

"D&I goes beyond policies, programs, headcounts and statistics. It is about creating an atmosphere at a workplace where everyone feels valued, engaged and motivated to work and perform. A D&I survey like this one allows organizations to track how far they have travelled in their D&I journeys and benchmark against the best in class. It helps companies identify specific areas of improvements, said Ankit Bansal, CEO and Founder, Sapphire Human Solutions and Advisory Board Member, India Diversity Forum.

"In the coming decade, how organisations attract and retain talent, as well as hire for leadership positions will be a key indicator of their growth and success. At Max Life Insurance, gender equity is the cornerstone of our brand vision and a crucial pillar in widening our talent footprint. The IDC survey aptly highlights the important aspects such as women's empowerment, supporting the LGBTQ+ community, and employee well-being that are intrinsic to the future roadmap of all organizations," said Irani Srivastava Roy, EVP & Head HR - Distribution & D&I, Max Life Insurance.

TOP

HEALTH INSURANCE

India's issues in achieving universal health coverage amid COVID – Business Today – 7th April 2022

The World Economic Forum (WEF) on Thursday said that it is working with the multi-sector community to build a solid knowledge base, guide action by generating evidence-informed solutions, as well as drive cross-border and cross-sectoral collaboration so as to improve the crisis resilience of health systems across the globe.

Marking the World Health Day, the forum said that only strong partnerships between the public and private sectors can improve the resilience of healthcare systems globally so they perform better in the face of a crisis.

"The ongoing COVID-19 pandemic has tested health systems to their limits, and sometimes beyond them - with tragic consequences. For instance, the global shortage in health care workers, which was already a concern in 2016, was underlined and exacerbated by the pandemic," said Shyam Bishen - Head of Health and Healthcare at the World Economic Forum.

"The World Health Organisation predicts that the health workers shortage may more than double from 7 million in 2016 to 18 million by 2030 - so steps should be taken to address this challenge now. Clearly, the world was caught unprepared by this crisis and we must learn lessons from it in order to prepare for and avert the worst health impacts of any future pandemic and the looming climate crisis - which is the single biggest health threat facing humanity," he said.

Taking India into context, apart from the Covid-19, the country also has a high burden of non-communicable diseases which are a major hurdle in achieving universal health coverage. Meanwhile, Apollo Hospitals, on Wednesday unveiled the Health of the Nation 2022 report highlighting the prevalence and distribution of non-communicable diseases (NCDs) across the country.

Key findings of the report for Diabetes Mellitus show an increased prevalence in the southern and eastern parts of the country with an average national prevalence of 6.96 per cent. Urban areas showed a higher prevalence at 7.01 per cent as compared to rural areas with 6.70 per cent. The study also showed obesity in women over 35 years of age leading to poor diabetes control and increasing risk of heart disease and other complications. Data also indicated poor diabetes control in women with high cholesterol with a 0.5 increase in HbA1c diabetes marker levels.

In Hypertension, the study showed a national prevalence of high blood pressure at over 8.18 per cent with a higher incidence in North and East India. Data also indicated that adult males between the ages of 36 and 50 years have a 36 per cent higher chance of developing hypertension than adult females in the same age range. Urban areas at 8.6 per cent showed a higher incidence as compared to rural areas with 7.58 per cent. Chronic Obstructive Lung Disease (COPD) and asthma showed an incidence similar to global numbers at 2 per cent. Here, females between 36 to 50 years of age showed a 1.3 times higher chance of developing COPD as compared to males. NCDs pose devastating health consequences for individuals, families and communities with socioeconomic costs that can derail India's achieving the target of reducing premature mortality from NCDs by one-third by 2030 in line with the United Nations Agenda for Sustainable Development. At the same time, the treatment and insurance coverage remain abysmally low in India among populations.

Anup Malani, Lee and Brena Freeman Professor of Law; Professor at the Pritzker School of Medicine, The University of Chicago Law School, which recent conducted research on India's healthcare coverage said that, less than 50 per cent of children live in villages without healthcare facilities whereas the private sector provides 75 per cent of health care. There is a limited demand of health care facilities, the healthcare spending is only 3-4 per cent of GDP. There is inadequate financing; 75 per cent of healthcare spending is out-of-pocket, 25 per cent untreated diseases are due to lack of financial support.

"The Government has made a strategy to solve this issue including building hospitals, training doctors, running public health campaigns, etc. In 1990s, we witnessed a shift where private supplies expanded thematically. In 2000s, the Government changed its strategy and started supporting demands with states then central finances schemes emerged like Rashtriya Swasthya Bima Yojana (RSBY) and Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (PM-JAY). Despite the shift, demand subsidies are a small share of spending," said Malani.

"The health insurance's main value is not health but a financial protection from large expenses. The clinically significant health effects can also not be ruled out and there is a need for larger and deeper studies to find health impacts. Health insurance has primarily financial benefits," he said. Mental health issues have come up significantly after the covid-19 pandemic. Mental health conditions cause 1 in 5 years lived with disability and more than 80 per cent people with mental health conditions don't have access to quality and affordable treatment, according to health experts.

"It is identified that stress, anxiety, depression are the most frequent concerns highlighted for youth population in India and are not properly addressed. To do so, there is a need to fully integrate mental health plan in universal health coverage and the need of neglected people such as children should be addressed as about 9.8 million adolescents aged 13-17 years need active mental health care intervention," said Seeba Anam, Associate Professor of Psychiatry and Behavioral Neuroscience, University of Chicago.

The Indian government has issued a program on "Minding our minds during COVID-19" which addresses and promotes mental health concerns. "The recent data shows 1 of 7 youth has depression and unfortunately only 41 per cent agrees to take help for mental health issues which is significantly less than other countries. The need of the hour is to raise awareness about the importance of mental health across among people and human and financial resources for mental health should be brought in line with the needs which will be able to help to contribute to need assessment study," she said.

(The writer is Neetu Chandra Sharma.)

TOP

This World Health Day take a look at this Comprehensive Guide to Health Insurance Claims – Financial Express – 7th April 2022

The past two years have made the importance of securing our health more evident than ever before. These years have drawn attention to the fact that illnesses, accidents, natural calamities, and other unwanted situations can occur anytime without any warning. And in situations where we are faced with these unforeseen circumstances, it not only takes a toll on our emotional well-being but may also drain us financially.

This April, as we celebrate World Health Day, it is important to draw attention to how we can safeguard ourselves from the financial strain associated with any ailment or emergency through health insurance.

Comprehensive and adequate health insurance can cover pre and post hospitalization expenses, ambulance charges, costs associated with critical illnesses and a wide array of other expenses depending on the plan chosen. The most critical part of any insurance policy for any customer is the claims process when required. Hence, understanding the claims process is as important as buying an insurance cover. Being informed can help make the claims process seamless and stress-free.

For a hassle-free claims settlement, a basic comprehension of the policy is usually helpful.

Here's a quick checklist of things to be mindful of during the claims process:

1. It is important that you notify your insurer / appointed TPA after a medical emergency. In case of planned hospitalizations, intimations can be given in advance for planning cashless.
2. Intimations can be provided over phone, e-mail, SMS, apps and other platforms made available by the insurer / TPA.
3. Upon intimation, you will receive a Claim Number. This is an important link for you to submit/pursue your claim in future
4. Filling up the Claim Form completely with the right information is important. You need to give all the relevant facts asked for in the form. All necessary supporting information should be provided
5. All original copies of receipts and bills should be submitted and, a copy of the Claim Form and the receipts should be kept for records
6. Ensure that all the medical investigation reports and consulting papers are submitted in original. Insurers can be requested to return the papers, in case you require them for long-term / repetitive treatments
7. It is necessary to always follow the claims procedure mentioned in the policy documents
8. Claim Form and the papers should be submitted to the right entity. It should be submitted to the TPA in case the policy is serviced through them, or to the insurer in case of direct servicing. In many cases, Insurance Agents/Brokers facilitate the collection and submission of documents
9. Most insurers ask for identity proof, KYC documents and account details (with Bank/ISFC Codes) for facilitating the remittance of claim proceeds. In some cases, a copy of the cancelled cheque is also required.

Things to avoid:

1. Delay in intimation of claim
2. Providing incorrect, incomplete, or misleading information in the Claim Form
3. Submission of the Claim Form through a third party not recognized by the insurer
4. Leaving important sections of the Form blank

With a little foresight and planning, making a health insurance claim can be simple and effortless. Following the steps above can help guarantee that the insurer processes the claim quickly, resulting in faster payment when you need it the most.

(The writer is Atul Deshpande.)

TOP

Personal health insurance a must, even if you have one from employer; here's how much you should pay for it –Financial Express – 5th April 2022

India has abysmally low awareness about health insurance: prerequisites of buying a health cover for oneself or the family, the premiums one must pay, the declarations to make, or the procedures for claiming the money. In fact, consumers or policyholders are at times skeptical if they will get coverage from their regular hospitals. However, none of that must stop one from buying a health insurance cover for self and family, even if one has a cover provided by the employer.

The claim game

"Typically all medically registered hospitals are covered in health insurance, however certain hospitals are black listed by insurance companies. In that case, insurance companies always have to inform the policyholders in advance about the hospitals that they will not settle claims from. Communication is essential on the part of the insurance companies," Jayan Mathews, Co-founder, Vital, said at the second edition of FinancialExpress.com's monthly series Manage Your Money.

And this works the other way round too. A policy buyer also needs to be transparent when getting a health insurance cover. "In case, customer does not disclose his/her medical conditions, the insurance company has all the right to deny the claim. While getting health insurance, you are entering into a legal contract with the insurance company and you need to be transparent about your medical history, etc. The policyholder needs to declare everything, for example, if you smoke or consume alcohol on a regular basis or if you have a pre-existing disease, etc. and not declaring it before signing the contract risks your claims ultimately," said Amit Chhabra, Business Head – Health, PolicyBazaar.com.

How much to spend on health insurance?

The virtual discussion hosted by FinancialExpress.com also dived deeper into the kind of investment one should make for their health plan and how to make an informed decision when buying a health insurance cover. For Rohit Shah, Principal Officer, GYR Financial Planners Pvt Ltd, it works in a 30:30:30:10 framework. "We recommend what we call a 30:30:30:10 framework, according to which if your income is Rs 100 annually, you should save Rs 30, pay EMIs and rent from other Rs 30, spend Rs 30 on all other expenses (food, groceries, travel, utility bills, education, etc.) and reserve at least Rs 10 for your risk management budget, which includes insurances," he said.

However, Sachin Mahajan, National Head – Health Insurance, Bajaj Allianz, stressed that people should be completely covered and get as many insurances as possible and there should be no gap in their insurance portfolio, irrespective of thinking about ratios. When asked his framework around what kind of investment one should be making on health insurance or towards their risk management budget, he said, "There actually is no number or fixed ratio to this. If something happens to you, the cost that will be incurred in the overall treatment procedure will go far more than the premium you will be paying for any XYZ insurance. I feel one should keep adding various kinds of insurance to their portfolio."

He also maintained that it is 'extremely important that people get their own health insurance and not be dependent on only the corporate cover or the health insurance provided by the employer.

Further elaborating on the 'how much' part of the investment portfolio, the panelists maintained that there is no fixed amount for premiums and overall cost of a health insurance, but it does depend on a lot of factors. "Premiums depend on the type of coverage you are taking, your location, age of the policyholder, by medical inflation, cost of medical technology and advanced treatments you are taking,

etc. The overall cover amount also determines the premiums you will be paying for your health insurance," said Jayan Mathews.

TOP

PSU insurers lodge Covid insurance claims worth Rs 17,537 cr till Dec 2021 - Business Standard – 4th April 2022

Public sector insurers lodged COVID-19 related health insurance claims worth Rs 17,537 crore till December 2021 and more than 93 per cent of the cases were settled, Parliament was informed on Monday.

"Till December 31, 2021, 14.92 lakh COVID-19 health claims, of a total amount of Rs 17,537 crore, were lodged with public sector insurance companies, of which 93.3 per cent claims had been disposed of," Minister of State for Finance Bhagwat Karad said in a written reply to the Lok Sabha.

In another reply, the minister said public sector insurance companies sustained a total loss of Rs 3,450.68 crore during the one and a half financial year period from April 2020 to September 2021, as against a total loss of Rs 7,552.02 crore during the preceding one and a half financial year period (from October 2018 to March 2020). "Thus, their overall profitability registered an improvement of Rs 4,101.34 crore during the initial one and a half financial year period of the pandemic, despite absorbing the impact of the pandemic in terms of Covid-related claims," Karad said.

Citing norms of the Insurance Regulatory and Development Authority of India (Health Insurance) Regulations, 2016, he said the pricing of health insurance products offered by insurers is based on the age of the insured and other relevant risk factors. "Insurance companies are allowed to revise premium once in three years after a product has been cleared," he said when asked if insurers can hike premiums to cover the loss.

Further, the minister said the policyholders are not required to make good any losses incurred by insurers. "During the period from March 2020 to March 2022, the government has infused Rs 17,450 crore capital into the public sector insurance companies to improve their solvency ratio," Karad further said.

TOP

GST Council did not recommend lowering rate on health insurance: Sitharaman – Live Mint – 4th April 2022

The Goods and Services Tax Council has not recommended reducing the rate of 18% on health insurance, finance minister Nirmala Sitharaman said in a written reply in Lok Sabha on Monday. The response was to a question on keeping the GST rate on health insurance as high as luxury products even when costs have gone up during the Covid pandemic. "Representations to reduce the GST on health insurance were placed before the GST Council in its 31st meeting held on 22.12.2018 and in its 37th meeting held on 20.09.2019. GST Council did not make recommendation for reduction of GST," she said.

The minister noted that health insurance, like the majority of other taxable supplies, attracts a standard rate of 18%, and the rate was standard in pre-GST regime as well. She added that the government given significant relief in GST by fully exempting from tax some specific health insurance schemes catering to the needs of economically weaker sections of the society and differently-abled, such as Rashtriya Swasthya Bima Yojana (RSBY), Universal Health Insurance Scheme, Jan Argoya Bima Policy and the Niramaya Health Insurance Scheme. Further, healthcare services are also exempt from GST, the minister said.

According to information provided by the department of health and family welfare, 14.09 crore families with an estimated 70 crore persons have been covered under Ayushman Bharat — Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) which was launched in September 2018 for providing accessible and affordable healthcare to the common man.

Further, another 14 crore persons have been covered under Employees' State Insurance Scheme and Central Government Health Scheme. As the world's largest government-funded healthcare programme, AB-PMJAY targeted more than 50 crore beneficiaries at the time of its launch.

According to NITI Aayog's "Strategy for New India @ 75", published in November 2018, envisioned as part of the goal of universal health coverage, coverage of at least 75% of the population with publicly financed health insurance by March 2023.

(The writer is Gulveen Aulakh.)

TOP

How the limit of hospital room rent affects your insurance claim – Live Mint – 4th April 2022

It is very important to understand the limits on a hospital room rent approved in your health insurance policy since this will be one of the main reasons for insurers to decide on your claim. In case you opt for a hospital room (there are several types, including a general ward which you share with others, or a private room, or even a deluxe room, etc) that comes with a higher rent than the eligible amount, you will have to pay additional room rent for the number of days that you are hospitalized.

Moreover, the insurer could also proportionately reduce other related expenses such as ICU (intensive care unit) charges or doctors' fees when settlle the claim. This means that you may have to bear the differential amount, not just for the room rent butalso for associated hospital expenses.

Mayank Kale, founder and CEO of Loop Health, said, "The definition of room rent is the cost of the room per night, including nursing charges. Cap on room rent plays a big role in deciding the total amount an insurance company would pay for the treatment of a patient with a valid health insurance policy. The reason is that if one chooses a room of a higher rent than what is capped by the insurer, the increase in expenses due to the higher-priced room is also deemed unpayable by the insurance company." Health insurance policies typically cap room rent at 1-2 percent of the sum insured. However, in some policies, the room rent is capped based on an absolute amount. For instance, if your sum insured is ₹5 lakh and the room rent cap is 1 percent of the sum insured, you can take a room in a hospital that costs ₹5,000 a day. If the room rent limit is an absolute amount, you will have to check the same in the policy document.

Vivek Narain, health insurance specialist, SANA Insurance Brokers Pvt. Ltd, said, "Room rent charges in health insurance means the expense incurred for boarding in a hospital for more than 24 hours due to medical reasons. Most health insurance policies typically have a ceiling limit or cap on the maximum amount of such expenses you can claim from the insurer. This room rent limit varies across plans and insurance companies." Kale said, "This room rent limit applies to one particular period of hospitalization and does not affect your claim the next time you are hospitalized." Proportionate deduction: The proportionate deduction clause in health insurance allows the insurer to deduct the proportionate amount in all associated treatment costs in the same ratio of room rent limit exceeded. For instance, an insurer might permit ₹4,000 as room rent for one day as per your policy. In case the patient takes a semi-deluxe room that costs ₹3,000, the rental cap does not apply. But if the patient decides to occupy a deluxe room for ₹5,000. which is beyond the policy cap, then the extra ₹1,000 will not be paid by the insurer.

Besides, there will be a proportionate deduction of 25 percent on all expenses on account of a higher-priced room.

For example, for a deluxe room that costs ₹5,000, the doctor consultation fee could be ₹1,000 but the insurer will consider only ₹750 for claim settlement. Similarly, such deductions will apply to all other expenses, including medicines, tests and surgery, if the room rent is high. Prolonged hospitalization: Often, patients ignore the room rent charges levied during hospitalization. In case the medical procedure demands a prolonged stay in the hospital, the room rent charges may compound to a substantial amount if you have opted for higher room rent than that approved in your policy. In such a case, you might have to shell out extra money from your pocket until you are discharged from the hospital. For instance, Agra-based retired army officer Vijay Pandey recently got hospitalized for a knee replacement surgery. He was hospitalized for 3 days and chose a hospital room with a rent of ₹5,000 per day, against his insurance policy limit of ₹4,000 per day. He, however, miscalculated that the insurer would bear ₹5,000 per day, and that he would bear the difference in charges—of ₹1,000 per day for three days. However, this concept of room rent didn't work as per Pandey's calculation.

Pandey didn't know that all the treatment costs were associated with the room rent charges. He wasn't also aware that insurers apply the principle of proportionate deductions if the room rent limit was raised. Hence, he had to pay not just ₹3,000 extra for the three days of hospitalization but also an extra amount on account of the proportionate deduction of around 25 percent on overall expenses that increased due to a higher-priced room. If you have a health insurance policy and are planning to get hospitalized for more than a day based on your medical condition, you should make sure that the cost of the room does not exceed the room rent limit. Besides, it would help if you also ask the hospital to disclose the room charges and nursing charges to know the actual room rent before the hospitalization.

(The writer is Navneet Dubey.)

TOP

NHA releases consultation paper on provider payments and price setting under AB PM-JAY – Pharma Biz – 2nd April 2022

The National Health Authority (NHA) released a consultation paper on the provider payments and price setting under Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PM-JAY).

The consultation paper provides global overview of the different provider payment systems which are used in various insurance schemes.

Presenting a detailed description of how the providers are reimbursed, the paper discusses the use of cost evidence for price-setting under PMJAY. It presents an analysis of the heterogeneity in cost of providing healthcare according to various hospital characteristics and discusses a framework for determining differential case-based payments to hospitals.

The paper describes the proposed simulation pilot of diagnosis-related group (DRG) which the NHA aims to implement in five States to determine cost weights as per patient characteristics based on level of severity and comorbidity. The paper also describes a framework for use of Health Technology Assessment (HTA) for decisions on inclusion of new interventions in health benefits package and its pricing.

Finally, it describes an approach to continually update the prices on an annual basis for inflation. Through this consultation paper, NHA seeks feedback of stakeholders on the different issues related to provider payment methods, approach towards pricing, the methodology for determining price weights, proposed approach for assessing cost weights to determine DRG based provider payments, the proposed

HTA-informed value-based pricing system, and the calculation of annual price revisions for inflation adjustment. Dr R. S. Sharma, CEO, National Health Authority, said, "We are evolving a standardized methodology of determining prices for different procedures under the health benefit package." The document will help develop a standardized and transparent pricing policy which will ensure efficiency, acceptability, quality, and sustainability within the Indian health care ecosystem for PMJAY, he added.

NHA will also organise a public webinar on the price consultation paper to provide a forum for live discussion with NHA leadership. Links will be shared on the PMJAY website. Further consultation papers will be released on related issues in the coming months, said the NHA.

TOP

'Medical insurance becomes essential to post-pandemic healthcare' - The Hindu Business Line – 1st April 2022

Health insurance most common amid a Covid slide to help India overcome a poor global ranking in patient safety, said KIMSHEALTH Chairman and Managing Director, MI Sahadulla. Even while improving its personalised health index, the country ranks 66th in the world rankings on patient safety, the 2002-founded multi-specialty hospital group's chief pointed out, stressing on the need for people to go in for medical cover in a big way. "We would splurge on luxuries such as cars, mansions and jewellery, but would refrain from investing some ₹15,000 a year on annual family health insurance," Sahadulla noted, ahead of a two-day international conference by the Consortium of Accredited Healthcare Organisations.

Kochi will host the 6th international Conference of Consortium of Accredited Healthcare Organisations (CAHOCON 2022) between April 2 and 3, with focus on 'Building a Culture of Safety in Healthcare'. "We need to create better public awareness on medical cover as a necessity," he said. Sahadulla, who is also the Chairman of the CAHOCON-organising committee, said health cover has become essential in today's world, which is recovering from the ill-effects of the pandemic. "The Coronavirus has taught us the need to become conscious of the pitfalls in medical care," he noted. "Healthcare delivery was never perfect even in advanced countries, but Covid-19 has underscored the vitality of guarding against health risks."

Besides low awareness, healthcare suffers from an under-reporting of medical errors and insufficient training for the hospital staff, he said. India, unlike the West, is not equipped with strong statistics that can enable the country go for a futuristic healthcare policy. Hospitals should refrain from making doctors with just an MD as their consultants, he said, emphasising on job experience and excellence besides good communication skills. "In the new age, hospitals must go for automation so as to minimise medical errors." Exemplary infrastructure, too, is a prerequisite to patient safety in a hospital, he added.

(The writer is V Sajeev Kumar.)

TOP

MOTOR INSURANCE

How to make your car and bike 'fire-proof' with motor insurance? Key points – Financial Express – 5th April 2022

As many as four electric scooters were in the news recently for catching fire. The most talked about incident on social media was fire catching a brand new Ola S1 Pro electric scooter. In past, there have been several incidents of other vehicles catching fire as well.

While insurance policies are designed to help the insured in case of mishaps, individuals planning to buy a motor insurance for their cars of bikes need to be aware of certain facts when it comes to fire. Not knowing these details may leave you disappointed in case your vehicle catches fire.

No specific plan

According to insurance experts, damage due to fire is covered by a comprehensive plan for two wheelers or cars.

“There is no specific plan especially for covering your vehicle against fire. You just need a comprehensive plan which will ensure that the cost of repairing the damage will be taken care of,” Deepak Yohannan, CEO, MyInsuranceClub, told FE Online.

“Any damage due to fire is covered if you have a comprehensive insurance plan – two wheeler or car. Damage to your vehicle due to fire will not be covered in case you only have third party insurance cover. So the most important thing is to purchase a comprehensive over – third party plus own damage,” he added.

What comprehensive plans offer

There are two types of motor insurance available in India, one is mandatory third party insurance and other is standalone damage policy.

“While third party covers don’t have fire cover, standalone policies do cover damages caused by fire. If a policyholder is worried about fire damages, they can opt for a third party with the added benefit of fire cover,” Rakesh Goyal, director, Probus Insurance said. A comprehensive motor insurance policy typically covers instances of fire among other mishaps such as theft, own damage, personal accident, and natural disasters like earthquakes, cyclones, landslides etc.

Key points to make your vehicle ‘fire-proof’ with insurance

Buying just a third-party cover will not help in case the policyholder’s vehicle catches fire. Such a policy is there just to protect the insured from losses if their vehicle were to damage any third-party or property.

Only a comprehensive motor insurance product which includes the own damage cover will pay for claims arising out of fire unless an exclusion is specifically mentioned in the policy document.

Any modifications made to the vehicle which tampers with the basic specifications and may have contributed to the fire can become a cause for repudiation of the claim. It’s advisable to get modifications done by an authorized dealer to ensure the additional parts can be added to the IDV of the vehicle.

- Damages due to mechanical defects like short-circuiting, overheating, oil leakage, or fuel seepage may also not be covered. Needless to say, if the fire was caused by the policyholder’s own negligence or on purpose, the claim will be rejected.
- Policyholders should always look at what is not covered in the policy. Mechanical defects like short-circuit, oil leakage or overheating are excluded from the policy.
- When the fire damages occur outside the geographical area is also not covered in the policy.
- Fire caused by policyholders’ own negligence or on purpose is not covered in the policy. Vehicle should not be intentionally put on fire to make a claim. This will surely lead to a rejection of your claim.

How much claim can you get?

Yohannan said that the overall costs will be linked to the cost of repair and replacement of parts. “Costs incurred by the owner would be the same as it would be if the damage was due to any other accident. Apart from the compulsory deductible amount, the depreciation rate will be applied to parts which need to be replaced. The rate of depreciation will depend on the age of the vehicle.”

In case the vehicle is damaged beyond repair, it would be declared as Total Loss and the IDV mentioned in the policy will be paid.

“In case of fire, the maximum a policyholder will get is the Insured Declared Value (IDV), depending on the extent of damage, minus the depreciation and deductible. In case an EV catches fire, the claim pay-out will also depend on the warranty issued by the OEM,” said Aditya Kumar, Vice President, Motor Underwriting, Digit Insurance.

Kumar further said that the insurer will either accept or reject the claim, and if it's accepted, the policyholder will receive the claim amount and depending on the extent of the damages, this can be the repair expenses or the vehicle's IDV (in case of total loss). The pay-out will also depend on the policy terms and conditions.

Many times, vehicle fires only damage a part of the vehicle, but in other cases, it can be completely burnt, or the cost of repair might be more than 75 per cent of the vehicle's Insured Declared Value. "Insurer will pay the maximum amount of your IDV. This is called a "total loss" and in such cases, your motor insurance will reimburse you with this same IDV amount minus any deductibles and depreciation if any," said Goyal.

(The writer is Rajeev Kumar.)

TOP

CROP INSURANCE

Claims ratio under Fasal Bima scheme falls in 2020-21 – The Hindu Business Line – 1st April 2022

Claims to premium ratio under Pradhan Mantri Fasal Bima Yojana (PMFBY) and other crop insurance scheme has been around 61 percent in 2020-21 as against 85 percent in 2019-20 as a favourable weather lowered crop damages in most of major producing states except Madhya Pradesh, according to latest data compiled by the Union Agriculture Ministry. The implication of lower claim ratio is seen to help bring back interest of private insurers in the crop insurance business. Against ₹31,675 crore gross premium collected, the reported claims stand at ₹19,197 crore as on March 31 for 2020-21 kharif and rabi seasons. However, claims ratio is 106 percent in Madhya Pradesh where the Agriculture Insurance Company (AIC) had to pay out ₹7,494.2 crore against gross premium of ₹7,064.4 crore. In Haryana, the claims ratio is higher than national average at 86.2 percent (claims ₹ 1,127.5 crore) while it is 64.4 percent (₹4,092.4 crore) in Rajasthan and 60.6 percent (₹887 crore) in Chhattisgarh. On the other hand, Uttar Pradesh has 31 percent (₹500.8 crore), Tamil Nadu 60 percent (₹1,887.2 crore), Odisha 39.1 percent (₹562 crore), Maharashtra 21.3 percent (₹1,382.7 crore) and Karnataka 46.2 percent (₹959 crore).

Until January-end the claims ratio was around 35 percent as Madhya Pradesh government had delayed finalising its yield data, said a government official. However, the good part of it is most of the claims are paid unlike in the past when there was endless wait for farmers, the official added. As much as ₹17,783 crore have been paid so far, which is 92.6 percent of total reported claims amount. Out of ₹1,414 crore of outstanding, the insurer in Madhya Pradesh has to clear ₹920 crore (65 percent) and it is pending due to some technical issues as entire ₹7,494.2 crore claims received in the State have been approved by AIC for disbursal. Over 49 lakh farmers in Madhya Pradesh on February 12 had received crop insurance claims of ₹7,618 crore (including ₹1,000 crore of past claims) under the PMFBY scheme after the State government finalised the yield data facilitating the disbursal. At least four private insurers including ICICI Lombard General Insurance and Tata AIG had exited the crop insurance business due to losses and high re-insurance costs. Even public sector insurers like New India Assurance, United India Insurance, National Insurance and Oriental Insurance are reducing their exposure to crop insurance as a result burden is gradually shifting to AIC. Besides, several States like Gujarat, Telangana, Andhra Pradesh and West Bengal have exited PMFBY. Maharashtra, one of the major States in PMFBY with about 20 percent share in enrolled applications as well as in gross premium, may opt out of the scheme in 2022-23. The State government is considering launching its own crop insurance scheme for farmers as many organisations have been demanding such a recourse on the pattern followed in Gujarat, Andhra Pradesh and some other states.

(The writer is Prabhudatta Mishra.)

TOP

SURVEY & REPORTS

Max Life IPQ 4.0 reveals 1 in 2 urban Indians seek fitness apps when purchasing life insurance – Pharma Biz – 6th April 2022

Max Life Insurance in association with Kantar recently unveiled the India Protection Quotient 4.0 survey. Tapping 5,729 respondents across 25 Indian cities [between 10 December 2021 to 14 January 2022], the survey was carried out during the recent wave of the Covid-19 pandemic.

A prolonged pandemic has spurred urban Indians to focus on their health and wellbeing. According to the survey, 76% respondents are paying attention to their fitness regimen and when purchasing life insurance 49% seek health and fitness apps. This also indicates changing consumer preferences with majority expecting a range of holistic services from insurers including tax planning, financial counselling and dedicated claims management services to ease claim settlements.

IPQ 4.0 also highlights a shift in daily lifestyle choices owing to Covid-19, with 55% consumers focusing on regular exercise, 54% consuming home-cooked/healthy meals, 47% following a diet plan and 42% undergoing routine health checkups.

Commenting on the findings, V Viswanand, deputy managing director, Max Life said "While urban India's sense of financial security and awareness grew during the pandemic, maintaining a healthy living remained a critical aspect for financial protection. IPQ 4.0 brings some unique insights into the growing and evolving new-age consumers with a sizeable base seeking health and fitness benefits from their life insurance policies. This is an avenue for insurers to create customized products and contribute in adding further value to the lives of policyholders."

The findings reveal insights that highlight urban India's shift across health and wellness priorities and anxieties studied by India Protection Quotient 4.0: Urban Indians seek health & fitness benefits from life insurers, 6 in 10 anxious about mental health and wellbeing and Steady increase in Critical Illness (CI) rider purchase. The study is conducted in top 25 Urban metro, Tier 1 and Tier 2 cities; hence, its findings are representative of metro, Tier 1 and Tier 2 cities of Urban India only. These cover metros of Delhi, Kolkata, Chennai, Bengaluru, Hyderabad, Mumbai. Tier 1 included Ludhiana, Jaipur, Lucknow, Patna, Bhubaneshwar, Vizag, Ahmedabad, Bhopal, Pune. Tier 2 had Dehradun, Moradabad, Guwahati, Bokaro, Kolhapur, Jamnagar, Raipur, Ujjain, Hubli-Dharwad, Tiruchirappalli. IPQ 3.0 Express vs IPQ 4.0 data comparison is amongst 25 markets only covering 6 metros, 9 Tier 1 and 10 Tier 2. The minimum sample to conclude any findings of the study is 270 with an error margin of +-5.964%.

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INSURANCE CASES

Consumer forum asks insurance firm to reimburse claim – Hindustan Times – 5th April 2022

District Consumer Disputes Redressal Commission penalised an insurance company for not reimbursing a claim of ₹1.36 lakh to the complainant citing delay in filing the claim by the former. Nazar Singh,62, of Gobind Nagar, submitted his complainant against Oriental Insurance Co Ltd, New Delhi, through its manager(OP1), Oriental Insurance Co Ltd, Miller Ganj, Ludhiana, manager (OP2), MD India Insurance TPA

Private Limited, Maxpro Info, SAS Nagar, Punjab, director/Manager (OP3) and the director, Government of Punjab, department of health and family welfare (health branch), Chandigarh (OP4).

The complaint

Complainant Nazar Singh and his mother Ajaib Kaur were covered under the Punjab Government Employees and Pensioners Health Insurance Scheme (PGEPHIS).

During the currency of the policy, Kaur felt ill and was hospitalised with Guru Teg Bahadur Hospital, Ludhiana, from December 07, 2016 to December 21, 2016. She was again admitted in Shree Raghunath Hospital, Ferozepur, from December 24, 2016 to December 29, 2016. Ajaib Kaur, however died on December 29, 2016 in the aforesaid hospital.

Total amount of ₹1, 36,180 was spent on her treatment and medicine. Complainant lodged a claim with the OPs, but the same was repudiated by OP3, following which the complainant accused that the repudiation of the claims was illegal and arbitrary. Singh submitting his complaint with the commission sought compensation of ₹40,000 along with the claim. Since OP4 did not appear before the commission, he was proceeded against exparte.

The complaint was resisted by the other OPs. The counsel for OP1 and OP2 said since the claim was submitted after 30 days from the date of discharge, the OP1 and OP2 were unable to entertain the same. OP3 also prayed for dismissal of the complaint voicing the same contention that the beneficiary was only eligible for reimbursement, subject to submission of the claim to the TPA within 30 days from the date of discharge from the hospital.

The commission said it was not disputed that the mother of the complainant Ajaib Kaur was covered under the policy. The commission observed, "However, in our considered view, merely on the ground of delay of 63 days in lodging the claim, the same cannot be allowed to be repudiated by invoking clause. In the instant case, the mother of the complainant did not survive and after the death of his mother, the complainant must have been busy in performing her post-death rites."

Commission added that in the clause there is no mention that in the event of non-submission of the claim within 30 days from the date of discharge from the hospital, the claim would be rejected or repudiated. The commission, thus, directed the OP1 and OP2 to reimburse the claim and also to pay ₹5,000 compensation.

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PENSION

TDS on interest to be applicable even in death cases if EPF contribution exceeds ₹2.50 lakh – The Hindu Business Line – 7th April 2022

Employees who have contributed more than ₹2.50 lakh to the Employees Provident Fund (EPF) during FY22 or will do so in the subsequent years will be liable to pay tax on interest even in case of death. Also, employees who are yet to link their EPF account with PAN or having invalid PAN will be subjected to Tax Deducted at Source (TDS) at a higher rate. These and others are part of the new instructions issued by the Employees Provident Fund Organisation (EPFO) to implement Finance Ministry's notification, dated August 31, 2021, related to the tax on interest on contribution exceeding ₹2.50 lakh in a financial year. This year's Budget had restricted tax exemption for the interest income earned on employees' contribution to various provident funds on an annual contribution of ₹2.5 lakh. This is applicable only for the contribution made on or after April 1, 2021. Accordingly, new taxation rules have come into effect from the beginning of this month.

According to the FAQs issued along with the EPFO instructions, one of queries is "Whether TDS will be applicable in death cases?" "Yes, TDS will be applicable in death cases as in the case of a live member," says the answer. The FAQs also clarified that if the EPF account is linked with a valid PAN, rate of TDS will be 10 percent, and if not, 20 percent. TDS will be applicable to exempted establishments and exempted trusts and also international workers as in the case of Indian workers. The effective date of TDS shall be first day of April or final settlement or transfers, whichever is later on case of final claim settlement. In all other cases, TDS will be deducted on the date of credit of interest. For the purpose of calculation of taxable interest, separate accounts within the provident fund account will be maintained for taxable and non-taxable contributions made by a person.

Taxable contribution account will be an aggregate of contribution in excess of the threshold limit (₹2.5 lakh) along with the interest accrued on that. Withdrawal will then be subtracted to arrive at the final figure. Non-taxable contribution account will be the aggregate of the closing balance in the account as on March 31, 2021, contributions during FY22 and subsequent years, minus the amount included in the taxable contribution and interest accrued on these two. Here, too, withdrawal will be subtracted. Finance Ministry officials say the new rules will cover 1.22 lakh people whose income is more than ₹2 lakh a month, though it is just 0.25 percent of all subscribers. The rules will also be applicable in case of General Provident Fund (GPF), but the threshold here will be ₹5 lakh as there is no contribution from employer there.

(The writer is Shishir Sinha.)

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Operational guidelines for taxing EPF issued – The Hindu – 7th April 2022

A year after the government introduced a new tax on income arising from annual Employees' Provident Fund (EPF) contributions over ₹2.5 lakh, operational guidelines on implementing the levy were finally issued on Wednesday.

For those who don't link their Permanent Account Number (PAN) to their retirement savings accounts, tax will be deducted on their annual income on contributions over ₹2.5 lakh at the rate of 20%, the EPF Organisation (EPFO) has said.

The EPFO will maintain a non-taxable account and a taxable account for all such members who contribute over ₹2.5 lakh and reduce the tax deduction at source (TDS) for those who link their EPF accounts with the PAN issued by the Income Tax department, to 10%. However, if the calculated TDS amount is up to ₹5,000, no TDS will be deducted on the interest credited to those EPF accounts, the EPFO said in a circular.

For expat or non-resident employees who have active EPF accounts in India, tax will be deducted at the rate of 30% or as per provisions of any Double Taxation Avoidance Agreement (DTAA) entered into with India by their respective countries.

For availing any benefit as per such DTAAs, EPF members have been tasked with filing a declaration under section 90 of the Income Tax Act, 1961. "Wherever interest income exceeds ₹50 lakh in such cases, an additional cess of 4% on the TDS amount as well as surcharges will be levied," the EPFO said in its advisory. The tax on EPF incomes for contributions will kick in from this assessment year, and apply to contributions made through 2021-22.

(The writer is Vikas Dhoot.)

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Interest on PF contribution over Rs2.5 lakh to attract tax – The Tribune – 1st April 2022

The Finance Ministry has notified new income tax return forms which, among other things, will seek additional information with regard to overseas retirement benefits and interest accrual on provident fund deposits exceeding Rs 2.5 lakh a year.

The Central Board of Direct Taxes (CBDT) has notified the forms ITR-1 to ITR-5. ITR-1 form, to be filled by individuals having income up to Rs 50 lakh, has been kept broadly the same as last year. However, the assesse will have to provide information about income from overseas retirement fund while calculating net salary.

The ITR-2 form seeks information regarding the interest accrued in provident fund on contribution exceeding Rs 2.5 lakh per annum.

In order to tax high-value depositors in the Employees' Provident Fund (EPF), the government last year said interest on employee contributions to the provident fund over Rs 2.5 lakh per annum would be taxed from April 1, 2021.

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IRDAI CIRCULARS

Title	*Reference*
List of valid insurance brokers as on 31st Mar 2022	https://www.irdai.gov.in/ADMINCMS/cms/frmwhats_List.aspx

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GLOBAL NEWS

Taiwan: Regulator urges parents to close kids' insurance gap – Asia Insurance Review

The Financial Supervisory Commission (FSC), in conjunction with Taiwan's annual Children's Day on 4 April, has urged parents to review and close the insurance protection gap facing their children.

The FSC pointed out that the Insurance Law was amended in June 2020, under which, if the insured is under the age of 15 and has life insurance, accident insurance, or travel insurance, a maximum of NT$615,000 ($21,500) can be paid out for funeral expenses, from the various insurance policies in aggregate, in the event of the unfortunate death of the child.

The Insurance Bureau of the FSC, however, discovered in November last year that not all insurers had amended the clauses in their insurance policies to comply with the revision to the Insurance Law.

Consequently, it directed that with effect from 1 December 2021, all property and life insurance companies allow payment for funeral expenses out of the proceeds of life insurance, accident insurance, and travel insurance policies where the insured is a child under the age of 15.

In addition, the FSC said that if a child insurance policy does not provide for payment of funeral expenses, (that is, a policy that only refunds premiums upon death), it cannot be used by insurance companies as the main marketing product for children under the age of 15. It can only be sold as a supplementary

policy. The regulator said that at present, there are only disability insurance policies that do not provide for payments for funeral expenses out of the insurance proceeds.

The FSC says that there are other types of insurance policies that parents can buy, such as endowment policies to save for their children's education, and health insurance to cover hospitalisation and medical expenses.

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