भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

INSUNEWS

Weekly e-Newsletter

9th – 15th November 2019

Issue No. 2019/46

QUOTE OF THE WEEK

"Happiness cannot be traveled to, owned, earned, worn or consumed. Happiness is the spiritual experience of living every minute with love, grace, and gratitude."

Denis Waitley

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Guaranteed Survival Benefit

Definition: Guaranteed survival benefits are benefit given to the policy holder during or upon completion of the policy tenure.

Description: In the case of money back policies, a certain pre determined amount is paid to the insured after regular intervals. Survival benefit applies only in the case the insured is alive. If not, the insured is entitled to receive death benefits.

Source

INSURANCE REGULATION

New regulations by IRDA 'anti-public', 'anti-trade': Insurance Surveyors - Daily Excelsior – 14th November 2019

Expressing concern over the recently released proposed regulations by Insurance Regulatory & Development Authority (IRDA) of India for opinion and suggestions of all stake holders, Indian Institute of Insurance Surveyors & Loss Assessors (IIISLA) J&K Chapter today observed camera down protest here at Bahu Plaza.

Talking to reporters Ravi Dhar, Chairman IIISLA J&K said that IRDAI is now coming up with 'Regulation-2019' for practicing Surveyors & Loss Assessors in India.

"The provisions of the proposed Regulation will not only adversely affect the General Insurance Industry but also its Intermediaries, Automobile sector, Banking and Finance sector, Trade and Commerce and Industries besides the policy holders and the economy of the country," he further said.

Dhar also said that IRDA and the government of India should scrap this regulation as, if implemented, it will create a trust deficit for insurance companies like has been observed in banking sector presently.

"Similarly if insurance employees are engaged to interpret policy contract, of which they are also a party, and settle the claim, then outcome would be obviously inclined towards company instead of insured public," he maintained.

"Since the insurance companies are themselves involved, therefore, consumer dispute redressal system within the company will not take care of consumer complaint," Dhar claimed.

Rajesh Gupta, Secretary IIILSA said, in the Regulation the provision of one year compulsory training to Trainee Surveyor is also withdrawn to engage 'untrained, inexperienced and non-technical Employee Surveyors.'

He said that IRDAI has proposed a hike in No Survey Financial Limit (NSFL) from Rs. 50,000 to Rs. 75,000 for motor claims and Rs. 1, 00,000 to Rs. 1, 50,000 for other claims.

"This illogical hike in NSFL will bury the possibility of consumer getting any justice as more than 85 per cent of the total reported claims fall within the said NSF limit and will be handled by the Employee

Surveyor. How, the untrained Employee Surveyors can be at par with the trained and experienced independent surveyors," he asked.

Gupta further said that various committees including Standing Committee on Finance headed by Yashwant Sinha, Select Committee, FSLRC, Law Commission have made unanimous recommendation that each and every claim arising out of a insurance policy should be settled by an Independent & Licensed Insurance Surveyor and not by in house or Employee Surveyor so that the loss assessment is carried out without prejudice or bias or malice and there is no Conflict of Interest whilst compensating the loss to ensure the independent, transparent and just assessment.

LIFE INSRUANCE

Life insurance: Private insurers see muted growth in premiums – Financial Express – 15th November 2019

Individual annualised premium equivalent (APE) growth saw a second consecutive month of weakness with 5% year-on-year (y-o-y) increase in October following 3% y-o-y decline in September, versus 11-27% y-o-y growth in April-August 2019. Overall, APE was up 9% y-o-y, with 36% increase in LIC's group business. ICICI and HDFC swapped trends as the former reported 18% individual APE growth (up 21% overall APE) while the latter was down 15% (down 12% overall APE), partially explained by the base effect. Tata, Max, SBI and Birla moderated from peaks even as Bajaj held on.

Private sector individual APE growth muted

Private sector players reported 5% y-o-y growth in overall APE in September 2019, with a 4% growth in individual APE. Overall, individual industry was up 9% as LIC reported a sharp 13% y-o-y growth.

ICICI Life reported an 18% y-o-y increase in individual APE, off a low base of a 17% y-o-y drop in October 2018. Average ticket size in individual non-single segment was up 31% y-o-y (up 12% month-on-month) while most other players reported lower y-o-y/m-o-m growth. On considering overall (individual and group) adjusted APE including accrued but not received premium, its APE, was up 16% y-o-y as compared to a 6% decline in September 2019. HDFC Life reported a 15% y-o-y decline in individual APE post recording a strong growth of 30-90% during April-August 2019. This led to a 12% decline in overall APE, its group business was up 3% y-o-y. A higher base (37% y-o-y individual APE growth in October 2018) and lower incentives in its fast-selling non-par product were the likely reasons.

SBI Life's individual APE growth was up 3% y-o-y in October 2019, lower than 11% in September 2019 and 14% in August 2019. The company had reported strong >20% y-o-y growth over February-July 2019, it has guided for about 20-22% growth for FY2020E (19% in YTD). Overall, growth momentum may remain in mid-to-high teens hereon. It will continue its focus on protection though y-o-y growth in protection will be lower in FY2020E (individual protection APE was up 1.3X in 1HFY20 and 5X in FY2019).

Max Life's growth in individual APE was muted at 3% y-o-y (2% y-o-y in September 2019); down from 28% growth in August and 48% growth in July. Ticket size in individual non-single segment was up by 19% y-o-y (down 10% m-o-m). The company has increased focus on non-par savings business significantly in 1HFY20.

Strong growth momentum for Birla SL and Tata AIA observed in 2HFY19 slowed down in the past two months. Individual business for Birla SL dropped 3% yoy (9% yoy in September). Tata AIA reported 22% yoy growth in individual APE, less than the 40-125% growth seen in April-July 2019.

TOP

Source

Protect your child's future this Children's Day - Financial Express – 14th November 2019

The arrival of your little bundle of joy means you've entered the brave, new world of parenthood. The very moment you look into an infant's eyes, you'll find the stirring of a new life. Look into the eyes of that infant's parent and you may just find something else: already concerned to give their child the best possible future. All the priorities tend to shift and the only thing that matters is caring for their new born baby.

While as a parent you make sure that your child eats all the healthy food and gets the best education, but have you ever thought who will take care of their financial security and health protection needs when you won't be around to do it?

On this Children's Day, the best gift that you can ever give your child is a bright future which lies in financial planning at an early age. When the time is right you need to figure out your child's needs with respect to higher education, college fees and medical expenses.

Child Investment Plan: Why is it important?

Increased expenses in various aspects of modern life make raising children a difficult proposition. One of the biggest worries for parents today is the education of child. So, for starters make an estimate of when your child will go to college and plan accordingly. College education for your child in a good institute can set you back by approximately Rs 20-30 lakh. These are the current costs, so you need to first estimate how much the education will cost 12-15 years down the line. And a wedding that costs Rs 25 lakh today, would cost nearly Rs 70 lakh 21 years from now at an assumed inflation of 5%.

If you look at the inflation point of view, it's increasing every year and after 20 years the cost of education and other costs will be very high. This is where the child insurance plans bring a ray of hope in the life of parents as these plans help you to invest in such a way to meetup the future costs more efficiently. Taking a child insurance plans helps to secure your child's future and ensures that all your child's needs are met even after you are not around.

Child insurance plans, which are investment-cum-insurance plans, offered by insurance companies are similar to ULIP plans. Although these plans have one difference, i.e. the parents need to invest in child plan right from the time the child is born. You can start by investing within 60 to 90 days of your child's birth so that you can easily accumulate larger sums that may not be possible if you start in the later stages of life. As per industry experts, the multiplier effect in the power of investing comes from the investing duration as longer time horizons prove to show higher multiplier effect.

Almost all child plans have the same structure but the advantage of ULIP-based child plans is that they come with the waiver of premium feature where the insurance companies take care of future premiums in case of sudden death of the parent of the child. With this, the money keeps growing and the child doesn't fall short of corpus at the maturity of the policy. If you think the basic plan will not achieve the desired fund for your child's future, then a child plan with waiver of premium is the solution for you.

The below table is showing the comparisons of Child Plans offered by 4 prominent insurers. The invested amount is Rs 5,000 p.m.

Insurer	Plan Name	Past Performance (7 years)
Edelweiss Tokio Life Insurance	Wealth Plus- Rising star	14.8%
BAJAJ Allianz Life Insurance	Future Gain- WOP	14.8%
HDFC Life Insurance	Click2Wealth- Child	13.2%
MAX Life Insurance	Online savings plan – Child plan	12.4%

Source: www.policybazaar.com

Make your child a part of your health insurance plan

An important part of that new journey is making sure your baby is immediately covered under a comprehensive health insurance plan. By doing so, you can easily take care of the unexpected medical expenses in case of an unforeseen event or a medical emergency. Though it may not be possible to get an individual health cover for the new-born baby, the child can be easily included or added to an existing family floater policy or group health insurance policy. Most insurers typically allow the addition of the new child after 90 days, though the threshold age may differ from one insurer to another.

The policy works just like a normal health insurance plan and provides a comprehensive coverage up to the total sum insured. When adding your child to your existing health insurance plan, it is important that you consider increasing the sum insured. This will provide adequate coverage to everyone covered in the policy. To avoid an excessive increase in the premium due to an increase in the sum insured, you may choose to add a Super Top-up plan with the existing plan. This, rather than increasing the premium, will provide adequate coverage to the family at affordable prices. Many health insurance plans in India that cover the maternity cost automatically add your new baby in the existing plan without any extra premium. Moreover, many of the plans even cover first-year vaccination costs of the baby as a part of the health cover.

The following is a comparative table of 5 leading insurance companies providing Health Insurance of Rs 10 lakh sum insured for a 31-year-old old male, 29-year-old female and 1-year-old kid living in a metro city.

Insurer	Plan Name	Annual Premium
Religare Health Insurance	NCB Super Premium	17,262
Max Bupa Health Insurance	Health Companion with Health Recharge	16,295
Apollo Munich Health Insurance	Optima Restore	18,202
HDFC Ergo	HDFC ERGO - My: health Suraksha Gold Smart	24,301

Source: www.policybazaar.com

(The writer is Vaidyanathan Ramani.)

Source

TOP

Preparing for your child's financial future? Here is where you should invest - Financial Express – 14th November 2019

When it comes to planning for their child's future, there are various issues that parents face. Most don't know where to start, what to exactly save for, how much to invest and where to put their money. Earlier parents did not face this problem. In the recent few decades, with the skyrocketing education cost, parents now have to think through their finances for their children.

Like most couples planning for their child's education, then graduation and post-graduation, you might also be saving a lot today for the long run, but will that be enough then? Also, have you factored in inflation? These are the issues that most people face.

If you are also planning for your child's future, here is what to do:
How should you go about it?
Before choosing investment instruments for your children, the first step is to identify what are you investing for. Setting goals will help you determine which financial instrument you should choose. Before you start investing for your child, you should also consider some basic principles. The exercise should start with an assessment of the fund required to fulfill future goals for the child. By working backward, a parent would broadly know how much is required to be saved every month or year. For instance, one of the most important goals a parent would have for their child – their higher education. Ashok Kumar ER, CEO, and Co-Founder of Scrip box says, "Depending on your child's current age, the present cost of college and what it would be when your child is ready to go to college taking education inflation into account will help you determine the time horizon you have, how much you need, and therefore the instrument you need to choose."

Where should you invest?
For most parents, the planning usually starts immediately after the birth of the child or a few years after schooling begins. Ideally, it should start as early as possible as this enables the parent to maximize their investments through the power of compounding.

There are various options that can be considered for financial planning – the regular savings bank account, fixed deposits, government and post office schemes, market-linked instruments, life insurance products, etc. Keep in mind these are long term investments which can range from anywhere between 10 to 20 years, hence, choosing an appropriate instrument is important as per your risk appetite.

As of now a medical degree currently costs between Rs. 7 lakhs to Rs. 20 lakhs a year, will cost much more in the future. Srinivasan Parthasarathy, Chief, and Appointed Actuary, HDFC Life, says, "The cost of education keeps increasing with time; hence, it is necessary to choose an instrument that enables the investor to beat inflation. At the same time, what cannot be neglected is the need for securing the investment, to ensure that it continues even in their absence."

Insurance
All parents want to give their children the best in life, meanwhile, parents must ensure that uncertainties in life do not bring the lives of their loved ones to a standstill when they are not there. Pure life insurance plans compensate for the lost future income of the breadwinners of the family. Hence, this financial solution should be included in the portfolio of every parent.

Experts suggest one should not undermine the importance of futureproofing the investment against the uncertainties of life. A life insurance policy, in that case, proves to be useful as it acts as an income replacement tool for the individual. Hence, the child's goals are not compromised in case of unfortunate death, disability or illness of the parents. An unfortunate event like death or disability of the bread-earner of the family can cause serious financial strain to the family. In a situation like this, protection plans and riders like the waiver of premium attached to insurance plans act as the savior. Additionally, most child plans come with a built-in waiver of premium rider which ensures that in case of death of the policyholder, future premiums are paid by the company. This feature ensures that the investor's savings towards his/her identified goal continue uninterruptedly.

Samit Upadhyay, CFO, and Head Product, Tata AIA Life Insurance says, "An investor may choose an investment avenue based on their risk appetite and the duration of the investment. For instance, unless the investor has a very low-risk appetite, typically investments in equities through unit-linked insurance plans or mutual funds are preferred." He further adds, "More than the instrument used, parents must prioritize starting early. Also, he/she must keep investing regularly and should not dip into the corpus unless it is absolutely necessary."

Investment

Different financial instruments play different roles in your portfolio. It is advisable to choose them on the basis of your needs and goals. Fixed deposits can serve your shorter-term needs, if you need to save up for your child's primary education, extra-curricular activity, etc. Sanjay Kao, Chief Business Officer, Ujjivan Small Finance Bank, says, "Primarily when planning for their child's education, investors can look at investments like recurring deposits and fixed deposits. In such investments, the principal amount is guaranteed." Additionally, debt mutual funds are an alternative to fixed deposits, keeping liquidity and taxation in mind.

However, certain situations in life need the occasional heavy outflows and hence, need proper financial planning to be met. Merely depending on low return/fixed return investment income may not be sufficient for such purposes. Mohit Bhatia, Head Sales, and Marketing, Canara Robeco Asset Management, says, "While planning for one's child financially, parents should consider various investment avenues. For emergencies, a small portion of funds to be allocated and kept handy (preferably in a liquid fund or a bank deposit), and for long term wealth generation, parents can look to match their liabilities/ funding requirement by investing in equity-related instruments which are long term in nature."

Investments through mutual funds play a vital role in the financial planning of a child's future. Different types of mutual fund schemes can help parents in their overall agenda of taking care of the financial needs of the child. Bhatia, from Canara Robeco Asset Management, says, "Parents can use a mix of short term and long-term funds to meet such a goal, for example, short-duration debt fund could be used for growing up needs like healthcare, while an equity fund could be ideally suited to arrange for their child's post-graduation fees, required after 15 years from now." A combination of systematic Investment Plan (SIP) and Lump sum (One Time Investment) could be used to achieve this; additionally, parents can also use other facilities like SIP Top Up and STP to reach their goal.

(The writer is Priyadarshini Maji.)

Source

TOP

Should you buy life insurance or open a PPF in your child's name? – Mint – 14th November 2019

Children's higher education and marriage are typically the primary financial goals for most people. There are various products you can consider to invest for the two long-term goals. But when doing so, does it make more sense to invest in the name of the child, rather than in your own name?

Most experts are of the view that, except in a few cases, investing in the name of child does not provide any significant advantage to the parents. What you can do is earmark a certain portion of your saving for goals related to children and ensure you do not use the corpus for any other purpose. “We ask our clients about their goals and ask them to set priorities. Investing in a child’s name is not a factor when investing," said Manoj Pandey, director, Mainstream Investments Advisors Pvt. Ltd, a Delhi-based financial planning and wealth management firm.

We tell you about children-specific products available in the market and whether they offer any additional advantages.

Kid-specific products
Many instruments allow investments in the name of a child such as mutual fund schemes, insurance policies, Public Provident Fund (PPF) and so on.

Typically, insurance agents pitch schemes and plans which are labelled or marketed as child-specific plans. Though the names of some of these schemes, especially insurance plans, indicate they are customized for children, they provide no additional benefits such as additional return, tax deduction or exemptions, factors that are important to consider when investing.

“Insurance in the name of the child as the policyholder is an absolute no-no. Conceptually, term insurance is taken to protect the economic value of one’s life and it does not make sense when the child is not earning," said Lovaii Navlakhi, managing director and chief executive officer, International Money Matters Pvt. Ltd, a financial planning firm.
At the same time, if you have a PPF in your name as well as in the name of your child, remember that your overall investing limit for all your PPF accounts, including your children’s, will remain ₹1.5 lakh. Also, deduction will be available only up to ₹1.5 lakh. Returns from PPF are tax-free.

The only scheme that lets you invest in your child’s name is Sukanya Samriddhi Account (SSA), but only if you have a girl child. SSA is government’s social welfare scheme meant to promote the interests of girl children. Under this scheme, parents or legal guardians can open one account in the name of one girl child and maximum two accounts in the name of two different girl children. SSA offers a tax-free annual interest of 8.1% compounded annually, and contribution qualifies for tax deduction under Section 80C of the Income-tax Act, 1961. Returns from SSA are more than what other similar avenues such as PPF and National Savings Certificate provide.

Clubbing of income
Remember that even if you invest in your minor child’s name, the income or returns will get clubbed with the income of the parent (the one who earns more that the spouse) for taxation under Section 64. It will be considered income in the child’s hands only if he or she is above 18 years of age.

However, there is a small deduction available in case you invest the money in the name of your minor child. You can claim an exemption up to ₹1,500 per child every year, for a maximum of two children, under Section 10(32). For example, if you choose to invest in a fixed deposit, interest earned up to ₹1,500 in case of one child or ₹3,000 in case of two child can be claimed as exemption.

Planning right
For some of you, buying products in the name of a child may help with goal-based investing and ensuring that you stay the course and don’t touch this money.

Some experts belive that investing in name of child make parents more disciplined. “It adds a natural purpose to the investment and substantial longevity to the investment as parents’ expectations of the holding period is naturally set in their mind," said Rohit Shah, founder and chief executive officer, Getting You Rich, a financial planning firm.

Navlakhi agreed. “There is a magical force that prevents dipping into these investments and, hence, you are more likely to achieve the goal as a result of this discipline," he said.

Also, it can help you consolidate the small amounts of money that children receive from friends and family on special occasions. “The parents tend to end up investing a higher amount, with the cause of investing for children," added Shah.

But investing in a child’s name may involve additional paperwork both at the time of investing as well as exiting. You may also require to open a separate bank account in the name of the child for certain investments. Apart from that, keep in mind that once your child turns 18, he or she will get access and rights over the investments.

What can also work is creating an additional savings bucket for your children and reminding yourself why you have created the bucket.

Whether you invest in your child’s name or create a separate bucket, make sure the instrument you choose fits into your portfolio and does not hamper your asset allocation. Also, ensure that the maturity period or lock-in that the investments may have are in line with the child’s needs.

(The writer is Ashwini Kumar Sharma.)

TOP

Source

Opting for ULIP as an investment option? Here is all you need to know about it – Financial Express – 12th November 2019

You must have heard about Unit Linked Insurance Plans (ULIPs). However, before buying a ULIP, you need to find out whether you actually need it. The main purpose of life insurance is to safeguard people and their dependents financially. Therefore, firstly, you need to see if you have dependent. For instance, your parents, spouse, and children. Hence, if no one is dependent on you, you don’t need to get a life insurance cover.

Among the different types of insurance plans available, term insurance plans are pure protection insurance plans, whereas ULIPs come with two components — investment and insurance. The unit-linked insurance plans are a combination of investment and insurance. Hence, the premium that the investor pays towards his ULIP gets divided, and a part of it goes towards his/her insurance coverage and the remaining for investments. Note that the value of ULIPs are based on market conditions.

Features of ULIPs

- The premium can be paid either monthly, semi-annually or annually.
- The term generally ranges between 5 to 15 years.
- A portion of the premium is deducted for various charges such as policy administration, fund management, and allocation charges. After that, the rest of the premium goes towards life insurance and investment in mutual funds, bonds or stocks.
- With ULIPs, policyholders can choose to opt for either high-risk funds or debt-oriented funds.

High-risk funds provide more exposure to equity, whereas debt-oriented funds are relatively risk-free.
Similar to MFs, premiums are pooled together to form a unit fund. These units are then allotted to investors and NAV (Net Asset Value) is declared. The NAV then changes daily on the basis of the performance of the fund.

Things you should be aware of before opting for ULIPs
Once you have established your financial goal and the type of ULIP needed to achieve it, next compare the ULIP offerings in the market. Compare the premium payments, ULIP performance, background expenses,

etc. Additionally, to ascertain the returns from investments in the particular ULIP, investigate the nature of funds that the ULIP invests in.

ULIPs can charge up to 1.35 per cent as the fund management portion in the form of expense ratio in the equity portfolio. However, if it is not equity, you might be charged less. Note that the investment part can range from 100 per cent equity to 100 per cent debt or another percentage in between. Experts suggest that investors should invest based on their risk appetite. Investors also get the option to move from equity to debt within the same ULIP product.

Consider the risk factor of ULIPs. When compared to schemes like ELSS, the risk in ULIP is generally a bit high, as ULIP investment is not as diversified as compared to ELSS. ULIPs also come with a lock-in period of 5 years. If a ULIP policy is surrendered in the first 3 years, the insurance cover ceases to exist immediately. Additionally, the surrender value can be paid only after three years.

(The writer is Priyadarshini Maji.)

TOP

Source

Life insurance policy: Should you revive old plan or buy new one? - Business Standard – 12th November 2019

Many policyholders allow their life insurance policies to lapse. According to the data from the Insurance Regulatory and Development Authority of India, only 35 percent of policies remained active after five years. Insurers occasionally launch special drives to revive lapsed policies. Currently, Life Insurance Corporation of India has launched one wherein it is allowing customers to revive policies that have remained lapsed for more than two years. The grace period ranges between 15 and 30 days in policies after which they lapse. According to the revised rules, non-linked life policies can be revived within five years (up from two years earlier) from the date of the first unpaid premium, and unit-linked insurance policies (ULIPs) within three years.

The policyholder needs to pay a penalty along with the unpaid premiums. "Depending on the insurer's policy, you will have to pay 8-9 percent penalty on unpaid premiums for a plan that will yield 5-6 percent return," says Naval Goel, chief executive officer and founder, PolicyX.com. Insurers offer concessions on the penalty during special drives.

(The writer is Sanjay Kumar Singh.)

TOP

Source

Insurers' new life premiums grow, individual single ones fall in October - Financial Express – 12th November 2019

Even as the life insurance industry witnessed more than 11% growth in new business premiums in October, individual single premium category fell approximately 39%, showed data from Insurance Regulatory and Development Authority of India (Irdai). Individual annualised premium equivalent (APE) rose 5% y-o-y in October compared to 11-27% y-o-y growth in April-August 2019, suggests the data from Kotak Institutional Equities.

In the last two months, individual single premium have seen fall and market participants say it is due to the volatility in equity markets as many of the investors invest in single premium unit linked insurance plans (Ulips). In September, the individual single premium category had seen a drop of 41.62%, showed the data from Irdai.

In October, life insurance industry saw new business premiums at Rs. 17,271.86 crore against Rs. 15,480.47 crore in October last year, a growth of 11.57%. Premiums for individual single premium and individual non-single premiums stood at Rs. 1,665.2 crore and Rs. 5,038.73 crore, respectively. "Private sector players reported a 5% y-o-y growth in overall APE in September, with a 4% growth in individual APE. Overall, the individual industry was up 9% as LIC reported a sharp 13% y-o-y growth," said the report.

In the first seven months of FY20, the life insurance industry saw new business premiums at Rs. 1.43 lakh crore compared to Rs. 1.08 lakh crore in FY19, a growth of 31.84%, showed the Irdai data. Insurance industry and LIC witnessed APE at 9% and 13%, respectively, in October.

The growth in the insurance industry was largely driven by the growth in group single premium and group non-single premiums. "Overall, APE was up 9% y-o-y, with a 36% increase in LICs' group business. ICICI Bank and HDFC Bank swapped trends as the former reported an 18% individual APE growth (up 21% overall APE) while the latter was down 15% (down 12% overall APE), partially explained by the base effect. Among major players, Tata, Max, SBI and Birla have moderated from peaks even as Bajaj held on," said Kotak Institutional Equities report. Players like Bajaj Allianz, HDFC Life, SBI Life, Max Life and Tata AIA continued to see positive APE growth in the current fiscal.

TOP

Source

Life Insurance Riders: Types, features, benefits; here is all you need to know - Financial Express – 8th November 2019

It is commonly seen that people who have taken huge loans are suggested to opt for a comprehensive life insurance cover.

This ensures that their families do not struggle to repay the loan in case something happens to the bread-earner of the family. Along with a basic life cover, life insurance companies also offer additional benefits to widen the policyholders' protection.

Among the many riders offered, the popular ones are term rider, critical illness rider, waiver of premium rider, and accidental death benefit rider. These riders are add-ons to the primary policy, which offers additional benefits over and above the policy.

With these add-ons, policyholders can maximize their benefits to suit their specific needs. Note that, these riders come into play only in case of a specific eventuality.

Here is a lowdown of how these riders work;

Term rider

Term riders are a pure protection plan that offers additional risk coverage in case of death. This can be attached to a basic life policy to get the add-on benefit at a nominal cost. However, note that at the inception of the base policy, the rider can only be attached to non-linked plans.

The premium for this can be paid as a one-time payment or as regular premiums. During the term of the rider, in case of the unfortunate death of the policyholder, an amount equal to the sum assured of the term rider is paid. For instance, the LIC's term assurance rider provides life cover for the insured, in case of unfortunate death, during the policy period. Additionally, on the survival of the policy term, nothing is payable to the policyholder.

Waiver of premium rider

In case the policyholder dies or becomes partially or permanently disabled in the middle of the policy term, and has opted for the waiver of premium rider, the premium for the policyholder is waived off. The family of the policyholder or surviving parent does not have to pay any more premium to continue the policy. The insurance company pays the rest of the premiums on behalf of the policyholder, the policy continues uninterrupted until the end of the policy term.

Accidental death benefit rider

As the name suggests, accidental death benefit rider provides an additional sum assured to the policyholder's family, on death due to accident.

This can also be bought with the life insurance base policy as a rider. However, if bought as a separate policy, it offers comprehensive coverage along with a disability cover option. In case of a separate policy, the policyholder also gets eligible for the living benefit, in case of partial or permanent disability leading to loss of income.

Critical illness rider

This cover offers policyholder protection against major critical illnesses, which are at times not covered by health insurance policies. This includes heart and artery, a major organ, cancer, brain, and nervous system benefits. On the first occurrence of any critical illness, mentioned payments can also be made in a lump sum to the policyholder. On payment of CI benefits, the additional rider is terminated, however, the base policy continues.

(The writer is Priyadarshini Maji.)

Source

TOP

GENERAL INSURANCE

Trust at stake, Govt to hike deposit insurance cover - Deccan Herald – 14th November 2019

In a move that could better protect the interest of depositors, the government is planning to increase the deposit insurance cover to more than Rs 2 lakh for individual bank accounts, if a lender (banks or other financial institutions) collapses or its licence is cancelled by the Reserve Bank of India.

The upward revision in the insurance cover could come through the re-introduction of a revamped Financial Resolution and Deposit Insurance (FRDI) Bill in Parliament in the winter session beginning next week.

The last revision was effected in 1993 when the cover was increased from Rs 30,000 to Rs 1 lakh. “It is a long-pending demand by the depositors. The move will encourage individuals to keep a better part of their deposits in banks and help them retain their faith in them,” an official privy to the decision told DH.

The revision comes close on the heels of a near-collapse of the Punjab and Maharashtra Cooperative Bank, which has shaken the faith of depositors. Incidentally, the last time when the deposit insurance cover was revised 26 years ago, the trigger came from a Maharashtra-based private lender. The Karad Bank’s liquidation following a security scam led to a hike in the cover by over three times. The decision was taken to pacify depositors so that a run on banks could be avoided.

Thereafter, an RBI panel in 2011 had recommended a five-time hike in the insurance cover to Rs 5 lakh per depositor so as to encourage a majority of individuals to keep all their deposits in banks. But it was not implemented. The government had introduced the FRDI Bill in the Lok Sabha in 2017 but it was withdrawn a year later after an uproar in and outside Parliament over a controversial 'bail-in' clause, which suggested that depositors money could be used by a failing bank or a financial institution to stay afloat.

(The writer is Annapurna Singh.)

TOP

Source

Bite-size insurance products — convenient & cheap - The Hindu Business Line – 11th November 2019

Insurance is arguably one of the most important items that should form part of your financial plan. But many see it as an expense rather than a necessity until it’s too late. So, to address the affordability issue, recently, there have come insurance products for small ticket size where the premium is as low as Rs. 1. These are known as sachet or bite-size insurance covers. While bite-size insurance is still in its nascent stage in the country, it is gaining popularity given the simplicity and flexibility of the product.

The duration of the policy ranges from one day to a year, depending on your requirement. These micro insurance policies are targeted towards first time buyers of insurance plans or millennials who don’t have insurance to meet short-term needs. These plans can act as a starting point for insurance though it is recommended that people go for comprehensive policies at a later stage. This plan insures against diseases that are spread and transmitted through carriers such as mosquitoes, fleas and bugs.

It includes cover for dengue, malaria, kala-azar, chikungunya, Japanese encephalitis, Zika virus and filariasis. It is among the cheapest in health insurance products with premium starting at Rs. 49 for a year. It can be taken by anyone irrespective of his/her health condition. But, like any other health policy, the small-size mosquito insurance too has waiting period and exclusions. It usually has a waiting period of 15 days and pays the sum insured only if the policyholder is hospitalised with the vector-borne disease for a minimum period of 24 hours. You can opt to get the claims settled through cashless mode or through reimbursement. The policy can be purchased from insurers including Bajaj Allianz General and HDFC Ergo directly or through platforms such as MobiKwik (a mobile application) or Toffee Insurance, an aggregator that sells bite-size insurance products. MobiKwik offers Mosquito Insurance cover from Max Bupa for its clients for a premium of Rs. 49 a year for a sum insured (SI) of Rs. 10,000. On the other hand, if you purchase the cover from Bajaj Allianz General direct, it costs Rs. 160 for an SI of Rs. 10,000.

(The writer is Bavadharini KS.)

TOP

Source

PSU General Insurance Companies Seek Capital Infusion Prior to Merger - Business Standard- 11th November 2019

Public sector general insurance companies, which are slated to be merged, have sought fund infusion from the central government before the amalgamation. According to top officials of two of the public sector general insurance firms, the companies, in their communication to the department of financial services, have highlighted the need for imminent recapitalization to maintain the regulatory solvency ratio and wipe out losses. According to rough estimates, the need is at least Rs 2,000-3,000 crore in each of the companies, the total collective requirement is close to Rs 12,000-13,000 crore.

Oriental Insurance posted a net loss of Rs 142 crore in the first quarter of this financial year. At the end of Q4 of the financial year, its solvency ratio stood at 1.57. United India Insurance's solvency ratio stood at 1.52 at the end of last financial year, although it was profitable at the end of last financial year. National India's solvency ratio stood at 1.55 at the end of last financial year. National Insurance's net losses touched Rs 2,170 crore at the end of Q4 of last financial year. Data for United India Insurance and National Insurance for the present financial year is not available.

(The writer is Namrata Acharya.)

Source

TOP

HEALTH INSURANCE

Irdai calls for wellness features in health insurance plans – Financial Express – 15th November 2019

In order to popularise wellness and preventive features in health insurance, the insurance regulator has issued draft guidelines suggesting insurers offer outpatient consultations or treatments, health check-up diagnostics and redeemable vouchers to obtain protein supplements.

The Insurance Regulatory and Development Authority of India (Irdai) has suggested that there should be no discrimination in providing any of the wellness features offered to the same or similar placed categories of policyholders of the health insurance product. Moreover, every insurer will have to assess the impact on pricing of the wellness features offered and it has to be disclosed upfront in the File and Use or Use and File application.

Wellness gains importance

The regulator has suggested that the insurers can offer discounts on premiums or increase the sum assured at the time of renewals based on the wellness regime followed by policyholders in the preceding policy period. Insurers cannot publish the trade names or trade logos of third party merchandise in any of the insurance advertisements, but may refer the product or services offered in generic term. However, insurers can disclose the specific item of products and services offered in their website with complete granularity and may provide a link to these in their insurance advertisement and policy contract.

In case of family floater plans, insurers will have to define and disclose in policy contract as to whether the accrued benefits can be carried forward when the policy is renewed with the insurers and the period of validity of the accrued benefits under both the scenarios.

Ashish Mehrotra, MD & CEO, Max Bupa Health Insurance, says that health insurance is no more just about being covered for diseases that may occur, but it has now become a part of consumer's day-to-day lifestyle. "With Irdai mandating to include wellness and preventive benefits in health insurance plans, the initiative will certainly benefit both insurers and consumers. Consumers will be able to avail value added benefits such as outpatient consultations, pharmaceuticals, health check-ups and diagnostics, nutrition, yoga, gym memberships, etc., under the purview of wellness and preventive benefits. Along with benefiting the customers at large, the new inclusions will also allow insurance companies to further enhance their product portfolio," he says.

Max Bupa introduced Go Active early last year, by partnering with healthtech firms such as GOQii, Practo, and 1mg to build a holistic health insurance plan that goes beyond hospitalisation, and can be utilized by customers on a daily basis to avail wellness benefits such as OPD, personalised health coaching, behavioural counselling, health check-ups, etc.

Similarly, ManipalCigna'sKeepActive is one amongst many wellness programmes that the company offers to policyholders to help become more active.

Quality of products

The regulator has underlined that insurers will not accept any liability towards quality of the products or services offered by the third parties. Health insurance providers will have to ensure that the service providers under wellness/preventive programmes put in place appropriate mechanism to discharge their obligations by offering the agreed services or products. The cost for the wellness services will have to be factored in the pricing of the insurance policy. Insurers will have to notify the benefits accrued to the credit of a policyholder and entitlements of the policyholders under the said feature at periodic intervals—at least once a year.

There would be a pricing impact of inclusion of such benefits in the policy. However, Mehrotra of Max Bupa says since insurance companies would source these services at an aggregate level on behalf of customers, the price is expected to be far lower than what the customers can procure from these services individually. "In the long run, use of these services should lead to better health and hence lower expenses towards treatments," he says.

(The writer is Saikat Neogi.)

TOP

Source

World Diabetes Day 2019: How to enable yourself to financially combat diabetes - Financial Express – 15th November 2019

The intensifying occurrence of diabetes is largely impacting people's lives – physically and financially. Known as the 'silent killer', this disease of the old has now become a disease that has started to impinge people in their twenties and thirties.

India has already been labelled as the 'global diabetes capital' but things might escalate badly in the coming days. Currently, there are 70 million diabetics in India and the World Health Organisation estimates that this figure will skyrocket by almost 45% to 101 million by 2030.

Impact of modern lifestyle on youth and diabetes

The typical corporate workforce works ten hours a day, most of which is spent on a desk or in a cubicle. Easily accessible, fast and processed food has replaced wholesome, home-cooked meals. Lack of sleep coupled with constant stress to outshine at work and social affairs has taken its toll. In spite of being aware of all the drawbacks, taking care of one's health often takes a backseat when it comes to the instant gratification of needs and desires. This is the major cause of lifestyle diseases like strokes, depression, hypertension, and diabetes.

Diabetes impacts one's finances

Diabetes is a chronic disease that impacts the entire body. Being diagnosed with diabetes especially in one's youth brutally impacts one's work, and going ahead, financial sanctuary. Diabetes may not be as perilous as cancer or cardiac ailments, but the cure is still expensive. The yoke of treatment, growing medical costs and the dread of losing one's hard-earned income due to health impediments can leave one medically and financially weak. Diabetes also makes the patient prone to additional complications like heart disease, kidney failure, strokes, loss of vision, nerve damage, and foot problems. Death from heart ailments is the foremost cause of death among people afflicted with Type II diabetes.

The need for Diabetes-specific insurance plan

For a healthy human being, having a health cover plan with the ample sum insured could be sufficient to meet the hospitalisation costs incurring out of a diabetic situation. However, for a diabetes patient, an insurance plan that is diabetes-specific can attend to the hospitalisation issues better. Therefore, when diabetes is diagnosed, a diabetes-specific insurance plan helps. Diabetes is a prolonged ailment and thus the average claim size is 90% higher in contrast to costs related to other diseases. Usually, health insurance plans consider diabetes as a pre-existing disease and put a waiting period on the policy, which is around 12 months to two years but can sometimes go up to four years. So it is wise to buy a diabetes-specific policy which is further more inclusive than the health plans and also covers various intricacies.

Benefits of a diabetes-specific insurance plan

Today, with the rising occurrences and claims, it is sensible to buy a health insurance plan early on, to cover the disease and financial stress that comes with it. It also helps one save on costs in terms of premiums. A hale and hearty person can buy a health insurance cover of Rs 7,000 to Rs 9,000 a year while it can shoot up to Rs 18,000 to Rs 20,000 per year for a diabetic patient. When it comes to buying insurance, it is prudent to look for a policy that covers not only the treatment but also the cost of hospitalisation. A policy that has a large network of connected hospitals, and also reimburses if one needs medical care outside of this network is the best one.

This comes in handy in times of emergency when one is more likely to rush to the closest hospital for medical help. In addition to this, there are policies which also cover non-diabetic health issues that crop up while being treated for diabetes. While some insurers don't allow a diabetes cover if one already has contracted the disease, there are a few policies that provide cover to such patients as well. It is imperative that all these aspects are taken into consideration when one decides to invest money into a policy that covers diabetes.

Diabetes plans provide crucial and specialised covers for such a grave disease. It is, hence, worth spending in a specialised health insurance plan for diabetes as an additional cover to one's regular health insurance plan. However, it is worthwhile to make lifestyle changes, stay healthy, do regular exercises, eat healthily, and have regular health check-ups. An early diagnosis unquestionably helps in preventing the damage, both physically and financially.

(The writer is Anand Roy.)

Source

TOP

When health insurance delays your hospital discharge – Mint – 14th November 2019

Been at the hospital for a couple of days and now that you are fit, you crave home food and comfort. The doctor comes on a round and declares you fit for discharge and so you pack your bags thinking you will be able to walk out of the hospital the very next minute. But then the hospital staff tells you to have patience and that's what you lose every single minute as you see your family running around to get the bills cleared. It's now evening and you are still stuck because your health insurance claim has not been cleared and the hospital won't discharge you unless the insurer signs off on the bills. This is not an aberration, but a common experience among the insured patients who make cashless claims.

"Insurance claims in India are generally delayed as there is no single point where claims can be verified. Also, hospitals and medical day-care centres are not listed on one platform due to which processing of insurance claims gets delayed. In an age where everything has become digital, electronic exchange of medical records between hospitals and insurance companies has to become seamless," said a spokesperson from GS1 India, an industry standards body.

The insurer in a cashless claim is usually the faceless entity as you are dealing primarily with the health insurance desk of the hospital and so you may think that the insurance company is taking their sweet time to settle bills, little realising that your hospital too could be guilty of delaying the whole process. It's therefore important to understand the process.

Pre-authorization is the first step

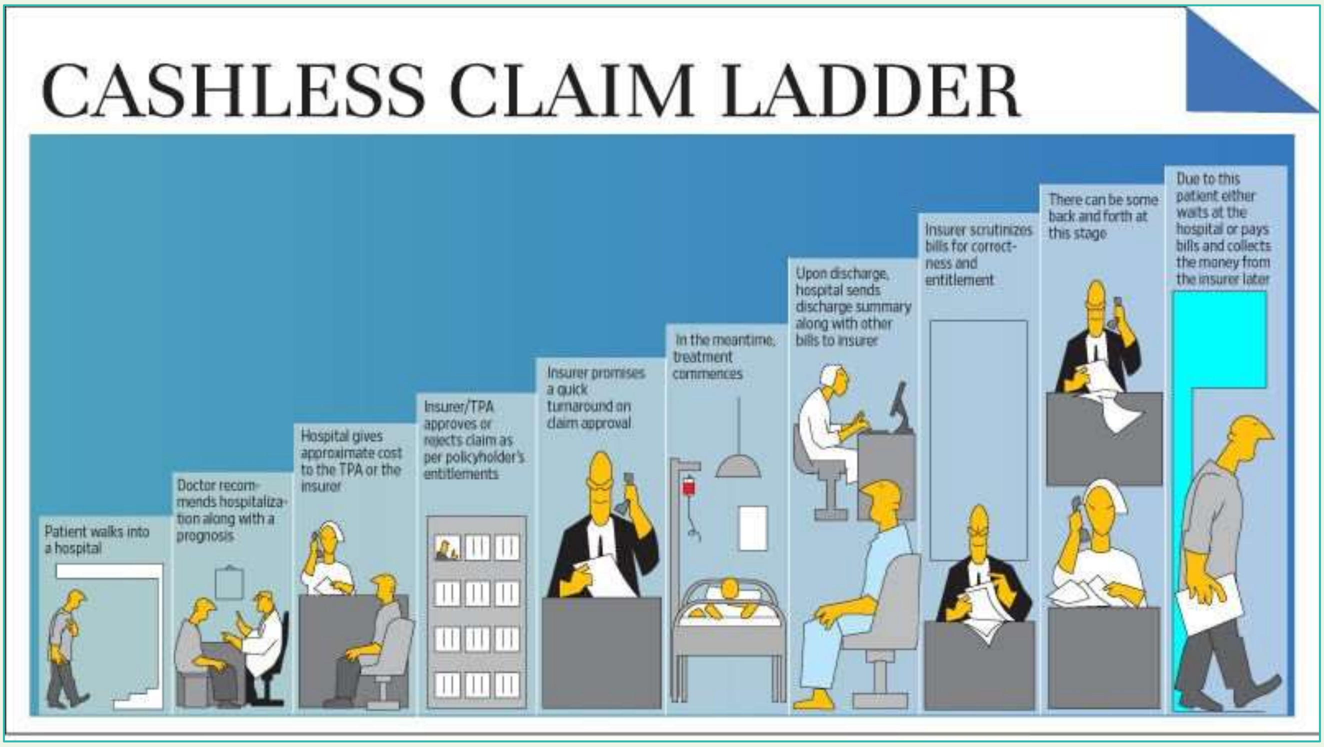
The process of filing a claim starts with pre-authorization from the insurer. You and the doctor treating you will have to fill the pre-authorisation form. You will have to fill in the personal and insurance policy details and your doctor will fill in details about the treatment. Once this is done, the form is sent to the hospital's billing department to give an estimate of the cost which is then sent to your insurance company along with the documents. The insurer reviews these documents and pre-authorizes the claim.

Pre-authorization usually means an initial amount has been sanctioned by the insurer along with an acknowledgement that the claim will be paid subject to final invoice received from the hospital. So it's important to understand that a pre-authorization is a mere acknowledgement and not a guarantee that the claim will be settled. Even if your claim gets pre-authorized, you may be asked for additional documents later, approval of which could take time. If it's an unplanned admission, you could be asked for a deposit by the hospital which gets reimbursed later. This is done because your admission may be sudden, not leaving you with enough time for the pre-authorization process.

The discharge day

Though pre-authorization has become quicker, claims settlement at the time of discharge could be a long and cumbersome process. In order to process the claim, an insurer will need the discharge summary which itself can take long. Once the discharge summary and hospital bills are sent to the insurer, it will scrutinize the bills before settling them.

"Hospitals work primarily on the final bill settlement. So it's important that your insurer or TPA give their final nod to the hospital for it to process the settlement. Sometimes hospitals submit irrelevant bills or documents to the insurer for authorization which leads to a delay," said Indraneel Chatterjee, principal officer, RenewBuy.com.



It's important to know your claims settlement process will largely depend on the administrative efficiency of the hospital and the insurer. At your end you could check with the doctor for a probable date of discharge, also request for the time. Inform the insurance help desk and ask them to prepare the relevant documents so that they can be sent to the insurer immediately when the discharge is ordered. Keep calling the insurer or the third-party administrator to check the status.

Even in the best of hospitals, a wait time spanning 7-8 hours for claims approval and discharge is common, so a proactive approach will make sure you are able to get your policy to pay for your hospitalisation quicker and easily to a large extent.

(The writer is Disha Sanghvi.)

TOP

Source

Adequate health coverage to fight diabetes – Outlook – 14th November 2019

A study published in the 'Lancet Diabetes & Endocrinology' journal, found that nearly 9.8 crore people in India may have type 2 diabetes by 2030. Bajaj Allianz General Insurance says, it has seen a rise in diabetes-related ailments across metros and Tier II and III cities.

According to few internally observed trends for a period of last three years, the insurer found 120 per cent rise in the number of claims due to diabetes related ailments from 2016 to 2019, with an average claims size of Rs 70,000 – 80,000. In recent years it has been seen that there has been a sudden 150 per cent rise in the number of females suffering from diabetes-related ailments and a 120 per cent rise in case of men from.

Commenting on the World Diabetes Day, Bhaskar Nerurkar, Head - Health Claims, Bajaj Allianz General Insurance said, “Diabetes is one of the major causes of claims in health insurance. In fact, we are seeing a whopping 164 per cent rise in diabetes in the age group of 20-30 years, which is an alarming lifestyle issue. Claims from both metros and Tier II/III cities are also on the rise. For a 360 degree protection, we suggest that your basic health insurance policy should offer you a minimum of Rs 5 lakh coverage.”

Hence, people within 20-30 years should start investing in a health insurance policy early in their careers.

Claims percentage as per age group:

Age Group	20-30	30-40	40-50	60 and above
Growth in claims percentage	164%	84%	90%	153%

Trend across states/ UT from 2016-2019:

State	Delhi	Rajasthan	Kerala	West Bengal	Maharashtra	Tamil Nadu	Karnataka
Growth in claims percentage	162%	126%	194%	78%	102%	134%	165%

Diabetes-related ailments with highest number and size of claims from 2016-2019:

Diabetes related Ailments	Insulin-dependent diabetes mellitus	Malnutrition-related diabetes mellitus	Non-insulin-dependent diabetes mellitus	Other specified diabetes mellitus	Unspecified diabetes mellitus
Average Claims Size (in Rs)	70,000 - 75,000	30,000 - 40,000	70,000 - 80,000	60,000-75,000	75,000-85,000

(The writer is Nirmala Konjengbam.)

Source

TOP

Social security scheme that people can trust – India Today – 12th November 2019

In the concluding session of the Mail Today Health Care Summit, Raj Kumar, director general of the Employees’ State Insurance Corporation (ESIC), talked about one of the oldest social security mechanisms of the country. The ESIC is a self financing social security and health insurance scheme for workers. Sickness and disability among employees are just a few of the benefits covered under it.

"We have 12.11 lakh factories and establishments across the country, benefiting around 3.49 crore family units of workers. The total beneficiary population of ESI scheme stands at over 13.56 crore," said Kumar, while presenting the work done by the corporation in partnership with state governments. "For smooth administration of the scheme, we have set up 64 regional/ sub regional offices across the country. Currently, there are 159 ESI hospitals in all," he said.

The ESIC has also relaxed the norms for setting up of hospitals and is to build 30-bedded hospitals in districts if the number of insured persons is 20,000.

Elaborating upon how the body is improving access and quality of health services, Kumar talked about the partnership with Pradhan Mantri Jan ArogyaYojna (PMJAY) wherein insured persons of designated 102 newly implemented districts will get cashless medical care through Ayushman Bharat empanelled hospitals. And, if need be, the ESIC will provide coverage beyond Rs 5 lakh, he added.

The ESIC has successfully worked on the expansion of cashless primary care services through the public private partnership mode. "We've developed primary medical care through tie-ups with private doctors, clinics and locally empanelled chemists and diagnostic centres." The body also motivates employers to join hands with ESIC for setting up employers utilisation dispensaries. "We are also strengthening medical services by making state-of-the-art equipment available in ESI Hospitals for secondary and super speciality treatment," added Kumar.

The corporation is now working with state governments to set up ESI societies with 100 per cent financial backing of ESIC. They are leveraging ESIC's medical college graduates to make up for the shortfall in manpower. Technology is being deployed in health passbooks with unique health IDs. "We envision reaching 786 districts by 2022," he added.

(The writer is Smitha Verma.)

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Source

TOP

Suffering from diabetes? Buy a health cover - Financial Express – 12th November 2019

In today's fast-paced life, it's not uncommon to consume unhealthy food, skip exercise and lead a sedentary lifestyle. The culmination of all of these has given rise to several ailments, with diabetes being one of them.

As this ailment is straining finances of the common man, here's how health insurance can prevent out-of-pocket expenditure during its treatment.

Diabetes proving fatal

As per statistics from the International Diabetes Federation, someone is estimated to die from diabetes or its complications in every seven seconds, with 50% of such deaths occurring under the age of 60. In India, there were estimated 72 million cases of diabetes in 2017, and the number is expected to touch a whopping 123 million by 2040.

An alarming scenario for one of the rapidly growing economies of the world, a study by Lady Hardinge Medical College found 33% of diabetic patients spending more than 5% of their family income on diabetes care. The study also found an underprivileged spending around Rs. 8,958 annually on treatment of the disease in a government healthcare facility.

Spiralling cost of diabetes care

The cost of diabetes care has gone up manifold in recent years putting financial burden on families whose members suffer from the ailment. Since diabetes needs prolonged care, the chances of expenses going up further can't be ruled out. Diabetes increases the chances of critical ailments such as stroke and kidney disease. Treatment of these ailments can cost a fortune and wipe out savings in no time.

Tackling high costs of treatment

In the battle against diabetes, a comprehensive health insurance policy can come to your aid. Not only it prevents out-of-pocket expenses but also provides you with the opportunity to get treatment at your preferred hospital, without worrying about funds.

In case you get treated at a non-network hospital, the expenses are reimbursed. Additionally, most health insurance plans cover pre- and- post- hospitalisation expenses, which ensure you don't have to dip into your savings, impinging crucial financial goals in the process.

There are tailor-made health insurance plans for diabetes that you can avail. If you are opting for customised diabetes plan, do check out the claim settlement ratio. Opting for an insurer with a high ratio entails better chances of your claim being settled.

Regular health plans cover the ailment after a certain time. If you have diabetes and want instant coverage, find out if you can add it in a regular plan by paying an extra premium.

Essential things to note
While buying a health insurance plan, compare different policies on insurance aggregator portals. Whether you buy a health insurance policy offline or online, make sure to fill up the proposal form correctly. Give accurate details of your present health conditions as concealing information can lead to claim rejection.

Read the policy terms and conditions thoroughly and make sure you opt for a high sum insured. It's also important to find out if there are any co-pay and sub-limit clauses in the policy. While a co-pay clause means you need to pay a certain portion of the claim amount of your pocket, sub-limit puts a cap on expenses incurred on room rent and doctor's consultation fee, among others. A health insurance plan with no co-pay and sub-limit clauses attract a higher premium than a plan with them.

(The writer is Sanjay Datta.)

Source

TOP

Living in polluted cities? Pay up 5% more on health insurance! - Business Today – 12th November 2019

The health insurance companies may load up the premium by over 5 per cent nationally if the claims data in Delhi-NCR shows abnormally high level of hospitalisation and respiratory disorders.

The other option before insurance companies is to tighten underwriting practices in the Delhi-NCR by insisting on extensive health check-ups before on-boarding customers. There is a high risk of heart disease, lung cancer, stroke and respiratory diseases in a smog-hit Delhi and neighboring places. So far there is no hard data to prove the high level of claims because of smog-related hospitalisation.

A health policy penalizing customers of a particular city because of health risk is not very common in India. Not all the products have pricing based on zones or geography but geographical pricing does exist in general insurance industry. The major geographical factors influencing the pricing are cost of living, cost of healthcare treatment, claims record and incidence of frauds etc.

The insurance regulator IRDAI allows geography-based pricing.

Ashish Mehrotra, MD and CEO of Max Bupa Health Insurance says by doing zone-based pricing, insurance companies are able to price appropriately for a geography.

"This ensures that regions with lower incidence of pollution and infection and geographies where treatment cost is lower are not penalised due to higher expenses in other cities.

So, how will insurance companies load up the premium to take into account the future risk of higher claims in Delhi-NCR because of smog-related hospitalisation?

According to experts, insurance companies distribute the premium across cities to diversify and manage the risks better so that it doesn't pinch the people in a certain city or geography."If I single out a certain geography for health risk, the premium in that area will go up substantially and kill the product," says an official of insurance company.

Currently, the pricing based on health risk in certain cities or zones is not very popular. "Certain cities are more exposed to certain kinds of risks as against the others. Currently, the data is scattered and not standardised," says an insurance official.

"Loading a policy based on residency has a complex structure," says another official of a health insurance company.Insurance officials say Delhi-NCR is also witnessing high level of fraud claims in health insurance policies. Many companies are planning to factor in fraud as a major element in determining the product pricing.

(The writer is Anand Adhikari.)

Source

TOP

Nearly 3,000 fraud cases detected under Ayushman Bharat health insurance scheme – Money control – 12th November 2019

Got a fraudulent claim passed under the Pradhan Mantri Jan ArogyaYojna (PMJAY)? Then be ready for your name and photograph to be publicly displayed at all prominent locations in India.

The National Health Authority (NHA) is working on guidelines to 'name and shame' fraudsters who have wrongly benefitted from the health insurance scheme.

According to the Ayushman Bharat-PMJAY Annual Report, nearly 3,000 suspicious cases amounting to Rs 4.5 crore have been sent to states for investigation. Further, almost Rs 2.29 crore worth fraudulent claims has been recovered by NHA from the hospitals after audits.

Sources said that while the Endeavour is to ensure that the beneficiaries of the scheme get their claims settled in a quick and efficient manner, fraudsters would also not be spared. This includes individuals, hospital staff as well as insurers.

The scheme

NHA is the monitoring authority for the PMJAY scheme which is the world's largest fully funded health insurance scheme. Launched in September 2018, this initiative aims to provide medical insurance to nearly 107.4 million poor families of the country identified as per the Socio-Economic Caste Census Survey-2011.

The objectives of the scheme include reducing catastrophic out-of-pocket health expenditure, improved access to the population for hospitalisation care. PMJAY provides a cashless cover of up to Rs 5 lakh on a family floater basis which means that it can be used by one or all members of the family.

As of November 11, there have been 18,694 empanelled hospitals. A total of 6.16 million beneficiaries have been availing hospital treatment out of the 65.39 million e-card holders under the scheme. As a first step, 338 hospitals were issued showcase notices or were suspended/de-empanelled till August 2019 by various state governments. This was after inspection for fraud.

NHA said that they had decided to conduct proof of concept with partners who are experts in detecting fraud/abuse globally. Over 23 companies showed interest in participating in the process and the NHA selected five companies to execute the proof of concept. Now NHA is in the process of procuring a fraud control partner based on the learning.

This fraud control partner will help NHA in studying the patterns of fraud, who is the perpetrator and then device mechanisms to curb it. "Fraud was only getting detected after it took place. Also since the end beneficiaries are usually not aware of what they are entitled to, hospitals have been taking advantage. The idea is to prevent fraud and not merely detect it later," said an official.

NHA is also setting up National Anti-Fraud Unit (NAFU) and State Anti-Fraud Units (SAFU) for overall monitoring and control. Over and above this, the general public will also be encouraged to report any cases of fraud under a whistleblower policy that will soon be put in place. Considering that PMJAY is funded by the government, the authorities want to ensure that the subsidy is used for the right purposes.

In the Budget 2019-20, a total of Rs 6,400 crore has been allocated for the PMJAY scheme. Any fraudulent claim collected by a hospital is detrimental because then the genuine beneficiaries may not have adequate covers and the government may be required to provide additional funds.

In the insurance industry, an estimated Rs 250 crore is the fraud losses every year. Of this, the health insurance-related fraud is estimated to be Rs 50 crore. Here the most common frauds are related to exaggerated medical bills presented by a hospital or fake hospital bills presented by a patient.

(The writer is M Saraswathy.)

Source

[TOP]

How to fight the financial impact of a critical illness – Mint – 12th November 2019

Unlike many young professionals, SK, 27-year-old Mumbai-based financial services professional, started investing early in her career. Age was on her side and considering her long-term horizon, she mainly invested in equity mutual funds. Her plans were on course until her mother was diagnosed with breast cancer in 2017.

Little had SK, who did not want to reveal her full name, recovered from the shock when her father too got diagnosed of prostate cancer later the same year. Though her parents had health insurance, which took care of in-patient treatment such as chemotherapy and surgery for her mother and radiation treatment for her father, the policy does not cover the hormone therapy (cost: ₹30,000-35,000) that her mother has to take every month or the injection (cost: ₹15,000) her father has to take every three months.

By then, SK had realized she couldn’t keep all her money in equities because her money goals were not just long term and now included her parents’ treatment in the short term. But what radically changed her financial portfolio was when she herself got diagnosed of non-Hodgkin’s lymphoma, a type of cancer, in 2018. “My outlook has changed. Normally one would look forward to marriage and children, but my illness is likely to put off potential suitors. My goals are now taking care of my parents in their old age and my own retirement," said SK. She is now on what is called “maintenance treatment" and has to pay for it out of her own pocket.

Whether it’s your loved ones or you yourself—getting diagnosed with a serious ailment can be a life altering experience. Such unwelcome change may force you to re-evaluate different aspects of your life and relationships, but it can hit your money life and goals the hardest. That is why in such situations, it is important to review your financial goals, asset allocation and estate planning.

Reassess goals
Other than getting yourself insured, having an emergency corpus for unplanned emergencies is very important and is a financial goal everyone must have. “Medical treatment can include a lot of out-of-pocket expenses even if you are insured. A good emergency corpus will allow you to meet them and also take a break from work, if necessary," said Prakash Praharaj, founder, Max Secure Financial Planners, a Mumbai-based financial advisory firm.

While having insurance and an emergency fund is a must for all, other goals may need to be reviewed. In SK’s case, marriage and having children are no longer front-line goals.

“As a first step, the person should take a comprehensive look at his or her financial goals and outline the most essential ones such as medical treatment. This can involve certain difficult decisions like mortgaging your house. However, health necessarily takes priority over other distant objectives," said Mrin Agarwal, financial educator and founder director, Finsafe India Pvt. Ltd and co-founder of Womantra.

Rushabh Desai, a 30-year-old Mumbai-based financial professional, had to re-evaluate his life goals when he was diagnosed with a rare muscular disorder called GNE Myopathy 11 years ago, when he was in his final year of graduation. Desai, who now uses a wheelchair, no longer has set financial goal for his clinical trials. “The clock has been ticking for me. There is no established treatment regime and I have had to sign up for clinical trials in France, Israel and the US to get some relief," he said. The disorder causes loss of movement in his limbs. Over time, Desai has lost movement in his legs, and the condition is likely to worsen.

According to SK, a life threatening condition can not only change your plans and dreams for yourself, it can also put a lot of pressure on your finances and career. “My father had to take radiation therapy for 60 days. He would go to work straight after. Neither my father nor I missed a day of work. For many people, this career hit takes a much bigger toll," she said.

Desai continues to work for the passion he has in the field of personal finance and financial planning. “If I can set up the right infrastructure, sky is the limit for me," he said. “I just need someone to help me with physical tasks but the principal work which is mental is not affected," he said.

Re-jig asset allocation
Once you have reassessed your financial goals, you will also have to rejig your asset allocation. SK’s investments have changed drastically. “I no longer hold a pure equity portfolio and have a mix of very short-term investments consisting of liquid or ultra short-term funds and equity mutual funds through SIP for my retirement," she added.

You may need to get out of long-term assets like equities or real estate and invest into short-term liquid assets like bank fixed deposits or liquid funds to pay for treatment or living expenses (if you have quit work).

Don’t delay this process as illiquid assets like real estate can take a long time to sell. “If a client is diagnosed with critical illness without adequate insurance cover or liquid assets, I ask them to consider selling their gold or real estate investments. If they recover, the surplus funds can always be invested in equity or debt," said Praharaj.

Another key requirement of paying for treatment is liquidity. If your money is stuck in real estate, it may not be available when you need it. In comparison, you can redeem from open-ended mutual funds on any business day. “In general, I would shift a critically ill client out of equity. But a lot depends on the amount of wealth and their individual preferences. Many families like the idea of bequeathing shares," said Nishith Baldevdas, founder, Shree Financial, a Chennai-based independent financial adviser.

Desai’s condition has had a bearing on his investment outlook. Staring at the possibility of being completely handicapped, the priority for him is to ensure that his money life doesn’t follow the same trajectory.

“I am able to invest 50% in equities and reap the benefits of compounding. However, this is due to my accumulated savings which can pay for my medical and living expenses. For clients of mine who are differently abled, to reap the benefits of long-term compounding, I recommend an equity allocation of 10-20% since they need to pay for their recurring expenses like treatment, physiotherapy and other support and for others who are more financially sound can take higher exposure in equities. A lot depends on the circumstances of each individual," he said.

Estate planning

A good financial plan consists of a Will that clearly mentions how you want to bequeath your wealth. The importance of having a Will can’t be stressed enough, but it becomes all the more important if you are suffering from a critical illness. A sudden disorganized succession can sow confusion and possibly discord within homes. “Families should ideally have a Will and succession plan in place," said Baldevdas.

In addition, ensure that the nomination for your various assets is done. “If someone who is critically unwell is without a Will, the family can consider doing an informal noting down of assets and their division as an alternative. Whether or not there is a Will or informal note, family members and heirs should be made aware of the assets and liabilities of the person," he added. This will make it easier for your family to manage inheritance on your demise.

The chances of contracting serious illnesses rise with age, and can often present a daunting financial challenge. However, having a good health insurance policy, a substantial and gradually increasing emergency corpus and solid succession planning can mitigate the financial impact on your family.

(The writer is Neil Borate.)

TOP

Source

Buying a health plan for your parents? Check these 4 crucial factors - Financial Express – 11th November 2019

Considering the current rate of medical inflation in India, adequate health insurance has become a must-have for each and every individual, and if the individual happens to be your parent, the need to buy a senior citizen health insurance plan becomes all the more important. The insurance sector offers numerous health insurance plans that specifically target senior citizens and even those with pre-existing diseases. In the event of your parents falling ill and requiring hospitalisation, the major part of the medical expenses will be taken care of by your parents’ health plan, without burning a hole in your pocket.

Even if your parents are adequately covered under a corporate health insurance policy by your employer, the cover provided by your employer would cease to exist post-retirement. This makes it important for you as responsible children to purchase separate senior citizen health insurance.

A family floater healthcare plan can be a good option provided the age of your parents is not too much and they do not have any pre-existing diseases. While some of these health insurance covers impose a limit on the age of the parents, other insurers charge a high premium.

However, it is better to go for an independent policy as group policies do not always include pre-existing diseases. In an independent policy, most of the pre-existing diseases are covered and even the chances of claims getting approved are highest. You can even avail a tax benefit of up to Rs. 25,000 under Section 80D of Income Tax Act on health insurance premium paid for self, spouse, children, and parents. And in the case of elderly parents (above 60 years of age), the benefit goes up to Rs. 50,000 with the latest amendment in tax slabs.

Here are some crucial factors to consider when planning to buy health insurance for your elderly parents.

Entry age
Most of the insurance companies have entry age criteria to be eligible for buying a health insurance cover. However, the entry age guidelines vary from one insurer to another and it is advisable to compare the different policies. It is important to consider the age of the policy seeker before issuing the policy as it plays a great role in deciding the premium of the policy.

Extent of coverage
While buying a health insurance cover for your parents, do make sure to select a plan that offers extensive coverage. Pick a plan that promises adequate coverage against various critical illnesses, particularly pre-existing diseases. Though most insurers provide coverage against these diseases after a waiting period of two or three years, review your policy document to understand the conditions carefully.

Sum insured
The total sum insured plays a very important role in any health insurance policy. This is the amount that the insurer will reimburse against expenses incurred for medical treatment. While buying a health insurance policy for your elderly parents, go for a higher sum insured, as you will receive a larger amount for medical emergencies.

(The writer is Amit Chhabra.)

TOP

Source

Diabetes health insurance is expensive. Here's a 4-point guide to manage related costs - The Economic Times- 11th November 2019

An internal claims analysis by Bajaj Allianz says the number of diabetes-related claims has risen 120% between 2016 and 2019. The increase is 90-153% for those between 40 and over 60 years old. The sharpest rise in absolute terms has been in the 20-30 age-bracket. "A 164% rise in claims in the 20-30 age group is worrying. Diabetes is becoming an alarming lifestyle issue," says Bhaskar Nerurkar, Head, Health Claims, Bajaj Allianz General Insurance. While the average claim size for diabetes-related hospitalisation is Rs 80,000, expenses can run into lakhs of rupees.

A diabetic may have to spend more than Rs 3,000-4,000 a month towards tests, medicines, insulin shots, customised diet and so on. As India is home to the largest number of diabetics in the world, medical management of the disease and related complications is critical. Dealing with the economic impact of diabetes is equally important. There are resources you can tap to fund healthcare expenses if you are diabetic.

Regular health cover
If you and your family, including parents, are covered by your employers' group health cover, diabetes is covered from day one. Opt for such plans even if you have to fund the premium for your parents. This is because if you are diabetic, a regular plan will either be denied or come with premium loading of over 25%. "Your first choice should always be generic health plans as diabetes-specific plans are more expensive," says Amit Chhabra, Head, Health Insurance, Policybazaar.com.

Diabetes-specific plans are expensive
The downside of generic health plans is the longer waiting period.

	INSURER	PLAN	ANNUAL PREMIUM (40-YR-OLD)	ANNUAL PREMIUM (60-YR-OLD)
REGULAR COVERS	Religare Health Insurance	Care	₹6,871	₹18,498
	Apollo Munich Health Insurance	Easy Health	₹8,169	₹19,504
	Star Health Insurance	Medi Classic and Senior Citizen Red Carpet	₹7,251	₹21,240
DIABETES-SPECIFIC COVERS	Apollo Munich Health Insurance	Energy Silver	₹14,520	₹30,291
	Star Health Insurance	Diabetes Safe Plan A and Senior Citizen Red Carpet	₹13,676	₹21,240
	Religare Health Insurance	Care Freedom with Health Checkup	₹12,036	₹23,732

For a male policyholder living in a metro, choosing a cover of Rs 5 lakh. Source: Policybazaar.com and company websites.

For instance, a 40-year-old choosing Star Health's Diabetes Safe (Plan A) will have to pay nearly 89% more than a regular policy. This is assuming his proposal under a regular plan is accepted without any loading on account of diabetes being under control. If you can afford it, look at plans that offer health management programmes and incentives for maintaining good health.

"Opt for plans with restore benefit. This rider helps the individuals protect the sum insured to cater to multiple claims or higher sum insured requirement on account of multiple claims," says Sanjay Kedia, Country Head and CEO, Marsh India Insurance Brokers.

Diabetes-specific plans

Regular plans have a 2-4 year waiting periods for pre-existing illnesses. If you are covered by your employer's group cover, go ahead with a generic policy as you would have a cover even during the waiting period. Else, consider diabetes-specific covers.

"Diabetes-related complications can be curbed by following a healthy lifestyle. We extend cover to diabetics who have not suffered target organ damage," says S. Prakash, Joint MD, Star Health. Complications include cardiovascular issues, diabetic retinopathy, kidney damage and foot ulcers. "If you are not eligible for generic plans, you can buy such plans. This would be better than remaining uninsured," says Chabra. Such policies typically offer coverage from day one or with short waiting periods. Star Health's product funds dialysis expenses of up to Rs 1,000 per sitting for 24 months. Apollo Munich offers discounts of up to 25% on renewal premiums if the policyholder's parameters conform to its pre-decided health chart.

However, there could be sub-limits and co-pay. Religare's policy imposes 20% co-pay that increases by 10% per claim once the insured turns 71. Apollo Munich's Energy specifies a two-year waiting period for pre-existing ailments other than diabetes and hypertension. "While most insurers cover Type 2 diabetes, some insurers now also offer specialised plans for those suffering from Type 1 diabetes," adds Anuj Gulati, MD & CEO, Religare Health.

Ideally you should buy an independent cover when you are younger. If you are past that stage, ensure you buy a dedicated cover as soon as you are diagnosed. "Once severe complications develop, you could be denied dedicated covers too," says Chabra.

Long-term saving plans

In case of a health emergency, long-term savings avenues can offer succour. For example, an EPFO subscriber can dip into his corpus to fund treatment. NPS, too, allows partial withdrawal of up to 25% of your contribution for treatment, provided you have been investing for at least three years. From the seventh financial year after opening an account, you can withdraw up to 50% of your PPF balance at the end of the fourth financial year immediately preceding the year of withdrawal or up to 50% of the balance at the end of the financial year before the year of planned withdrawal, whichever is lower.

Dedicated savings fund
It would be wise even for younger, non-diabetic individuals to set aside 5-10% of their total savings specifically to create a health fund. As you grow older, health-related expenses are likely to form a huge chunk of your monthly outflow. This is when such a kitty can come in handy.

(The writer is Preeti Kulkarni.)

Source

TOP

Are independent health insurance covers for seniors unaffordable? Here's what experts say – The Economic Times - 11th November 2019

Senior citizens have to deal with high renewal premiums in health insurance plans, besides other restrictions. Insurers blame the rising cost of healthcare for premium hikes. ET Wealth talks to industry experts to get all sides of the story.

Jehangir Gai, Consumer Activist: Yes
Health insurance policies for senior citizens have become unaffordable after steep hikes in premium. There have been instances of the premium being increased by 400%, then upon protest brought down to 300%. There was a case where the premium exceeded the coverage limit. The insured have to file consumer complaints to redress grievances. However, only a few can get into long-drawn-out legal battles at an advanced age. Many who have diligently paid premium for years have been compelled to opt out as the renewal premium has become too high. It is senior citizens who are more prone to illness, and by making policies unviable for them, the insurance company benefits at their expense.

Insurers don't understand the objective and history of mediclaim policies. Healthcare is the responsibility of the state. But the budget allocation for healthcare is extremely low. Facilities in government hospitals are poor, as is the ratio of beds and doctors to patients. In this backdrop, medical insurance policies were introduced by nationalized insurance companies. The objective was to enable citizens to get access to affordable healthcare in private hospitals. The scheme was not meant to be a profit-making one.

The regulator has lost sight of the objective of mediclaim. Instead of protecting the insured, it is allowing insurers to discontinue existing policies and compelling the insured to migrate to another scheme. The change allows insurers to hike premium of the "new product". The Supreme Court judgement that a policy must be renewed on identical terms and conditions so long as the insured pays the premium and does not commit any fraud, is violated.

Anand Roy, Joint Managing Director, Star Health and Allied Insurance: No
Health insurance covers for senior citizens are a must, given the rising cost of healthcare. An adequate health insurance cover enables senior citizens to go ahead with the required treatment without punching a hole into their savings or future plans.

Accumulated savings can supplement any shortfall due to co-pay clauses and sub-limits. However, these are unlikely to be adequate to take care of hospitalisation bills over the long-term. It is true that premiums for senior citizens have been increasing over the years, but the hikes are linked to healthcare costs. Health insurers are commercial entities that have to ensure the sustainability of their businesses too.

All our plans, premiums and modifications are filed with the Insurance Regulatory and Development Authority of India (Irdai). Any premium revisions happen only after the regulator's approval. Since portability is allowed, senior citizens can compare policies and migrate to a cheaper one. Dropping out is not a solution. Our Star Senior Citizen Red Carpet Health Insurance Plan continues to be one of our best-selling products, which means that our customers continue to find it viable.

Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance: No
I feel independent health insurance is critical and very viable for senior citizens. Having a good and adequate health insurance cover helps a person live a life of dignity and freedom as he or she does not have to depend on their children or anybody in case of any medical exigency.

Health insurance, in fact, becomes even more critical as one ages because health issues tend to increase. Also, as healthcare costs spiral, the need for adequate health cover is becoming more important. One needs access to quality healthcare.

An easy way to mitigate the impact of health costs is by purchasing a good senior citizen health insurance plan. It is, of course, advisable to have health insurance from very early in one's life, but I would say it's never too late to be financially secure. We also recommend that customers buy a topup cover along with the base, regular health insurance policy, as it can come in handy in case of a large claim and is fairly inexpensive.

Sanjay Kedia, Country Head and CEO, Marsh India Insurance Brokers: Yes
There is a need to innovate in the senior citizen health insurance space. Most plans focus on treatment procedures. They do not help senior citizens adopt a healthy lifestyle that can improve the health outcomes and reduce the claims cost burden. Given that utility value is perceived to be low, you have very few takers for these plans and that makes it unsustainable, leading to premium escalations.

Ideally, senior citizen health plans should offer programmes to encourage healthy lifestyles and provide access to care beyond hospitalisation. For example, for ongoing treatment—consultations, health check-ups and so on. They should also cover chronic conditions such as diabetes, considering its prevalence in India. In addition, such plans should provide healthcare-at-home facility. Barring a few insurers, most plans do not cover expenses beyond regular hospitalisation. This is a classic case where we need to build plans which are more inclusive and encourage more participation, get leverage of economies of scale to keep cost exposure low and make the programmes sustainable.

Preexisting diseases are not covered under individual health insurance policies, but are covered under group health policies. Most senior citizens are out of corporate health plans after retirement and many companies have discontinued programmes that fund the cost of parents' insurance. This adds to the challenge.
We must focus on encouraging people to take individual health policies early in life. If such plans promote good health behaviour through rewards or incentives, we will indirectly create better situation for current and future senior citizens.

(The writer is Preeti Kulkarni.)

TOP

Source

Health insurance buying should evolve - Deccan Herald – 10th November 2019

The health insurance industry has witnessed an overhaul in the past few years and its benefits have become axiomatic amongst people. The recent guidelines by IRDAI such as providing health insurance coverage for mental health-related illnesses and HIV, standardization of health insurance products, giving the flexibility to select the claim amount and others, will allow people to enjoy greater benefits of health insurance and eventually leading a quality and healthy life. There are positive reforms from the industry standpoint, and everyone is looking forward to the next phase of growth.

However, under-penetration remains a key concern area as only about 20% of the Indian populace is covered under any form of health cover. While developed nations like the UK and the US have taken a leapfrog in providing health insurance for people, India still needs to reach important milestones in this segment. We are on the right pathway and some pragmatic steps can help to overcome the challenges in bringing a larger segment of people under health cover.

Apart from raising more awareness, we need to implement innovative, advanced and customized methods to engage people based on their lifestyle, habits and evolving social intercourse. Today consumers, especially our millennials want products that understand them and meet their requirements based on preferences.

More than half of India's population is under 25 years old, which essentially means that India is home to about 600 million young customers. This segment primarily comprises of professionals who are settling in their first job and will probably invest for the first time in health insurance. Such consumers typically look for quick, affordable and simpler methods to understand health insurance propositions to manage their specific health needs.

A bite-size product can be a starting point for these people, who are looking for digital, on-the-go products with a lower premium. The concept of bite-size products is not new and has been prevalent in the FMCG sector as sachet products. It has the potential to become instrumental in bringing the millennial population under health coverage.

It will gradually become the choice of millennials and young working professionals, keeping their objectives on priority when it comes to ensuring their health. The salient features of such products also make the whole process of buying health insurance simpler, instant and affordable for consumers who want to complete digital solutions and minimal documentation from onboarding to claim settlement.

Reasons why bite-sized health insurance products can be your first health insurance purchase: Easy to understand – Bite-sized insurance products are not complex to understand as no paperwork is involved which at times baffles the consumers due to the jargonized terminology.

Unlike normal health insurance plans where one needs to sit down with an advisor to understand the nuances of the product, bite-size products are far simpler to understand. Hence, the availability of such kind of products will encourage first-time buyers to purchase health insurance, which many avoid due to the intricacies involved.

Easy to buy and claim – Various bite-sized products are being sold at online digital platforms. These platforms allow a very convenient and organized process to purchase the product. For instance, Max Bupa's HospiCash product buying journey on the MobiKwik app is completely digital and involves just 2-clicks. Moreover, the claim process is simple and quick, thus making the customer experience completely seamless.

Easy on pocket – Bite-sized health insurance products are easy on the pocket. One can buy these policies at unimaginably affordable prices. The premiums for such products are as nominal as Rs 49, making it easier for people to buy them without a second thought.

Designed for specific yet relevant needs – Bite-sized health insurance products play an important role when it comes to specific health needs. Majorly all bite-sized products are targeted towards specific diseases such as vector-borne, cancer, etc. Such products also offer benefits like pre-defined daily allowance during hospitalization.

There is a niche segment of the audience that can be targeted with such products, but it will certainly help the millennials to live a healthy life and be prepared against unforeseen medical emergencies.

Bite-sized health insurance products, as the name suggests, are quick, affordable and cheaper. However, one must not forget that the role of a comprehensive health insurance plan remains at par, as these products can be touted as quick yet not all-inclusive. These can only be bought by an individual, and one should not necessarily replace them with a comprehensive health insurance plan which secures an entire family.

(The writer is Ashish Mehrotra.)

Source

TOP

Health insurance policy packages may soon offer vouchers for gym membership, protein supplements - The Economic Times – 9th November 2019

Health insurance holders may soon get vouchers for yoga centre, gymnasium memberships and even for buying protein supplements, with regulator Irdai proposing new guidelines to promote wellness among people.

In its 'Exposure Draft on Guidelines on Wellness and Preventive Features/Benefits', the watchdog said policyholders can be offered health-specific services by network providers or other empanelled hospitals for outpatient consultations or treatments, pharmaceuticals, health check-ups and diagnostics.

"Based on fitness and wellness criteria stipulated and disclosed, insurers may endeavour promoting wellness amongst health insurance policyholders," it said.

According to Irdai, this can be done by offering outpatient consultations or treatments, health check-ups and diagnostics, redeemable vouchers to obtain protein supplements, and discount vouchers for membership in yoga centres or gymnasiums for participating in fitness activities.

The guidelines would specify the rewards that can be offered as wellness benefits in the health insurance products and the manner in which those benefits can be utilised would be mentioned in the policy contract, as per the draft.

In this regard, there would be changes to wellness features and benefits under the Insurance Act 1938.

As per the draft, policyholders can be provided with redeemable vouchers to obtain protein supplements and other consumable health boosters and supplements, and for membership in yoga centres or gymnasiums for participating in fitness activities as part of their health insurance policy.

Also, discounts can be offered on premiums and/or increase in sum insured at the time of renewals based on wellness regime followed by policyholders in the preceding policy period, the Insurance Regulatory and Development Authority of India (Irdai) said.

Source

TOP

India: Insurers and TPAs want to standardise surgery prices – Asia Insurance Review

Nearly all general insurers in India are working jointly in a bid to fix rack rates for common surgical procedures such as cataract, hernia, appendicitis removal, and angioplasty.

The insurers number 31 out of 33 (excluding Agriculture Insurance Company of India) and they have joined hands too with 26 third-party administrators (TPAs) in the Endeavour.

While hospitals will still need to agree to the recommended tariffs, general insurers are confident of pushing through the standardised rates with most hospitals, reported Times of India.

This bid for parity and fair pricing is being driven by the IRDAI, General Insurance Council and insurers.

The General Insurance Council, an association of insurers under the aegis of the regulator, has formed a committee to prepare a preliminary list of common surgeries. Over time, the committee hopes to make their rack rate list more comprehensive by adding more players.

"Some of the smaller insurers and TPAs may not have the same bargaining capacity or clout as some of the bigger names. So, IRDAI felt that it does not make sense for a hospital, for one treatment, to charge 7-8 different rates depending on the insurer/TPA — so it has asked us to work on a common rate applicable to all," said Mr M N Sharma, secretary-general of the Council.

Insurers argue that arbitrary pricing by private hospitals is hurting patients and insurers. A fairly common cataract operation results in bills varying from INR25,000 ($349) to INR350,000 — depending on the hospital, treatment, doctor and implant lens. For more complicated surgeries like a kidney transplant, the price range is INR500,000 to INR1.25m.

The four government-run general insurers — New India Assurance, National Insurance, United India and Oriental Insurance — already have a common price list for medical procedures under the GIPSA (General Insurance Public Sector Association).

IRDAI has decided to extend the public sector insurers' model to private insurers and TPAs.

TOP

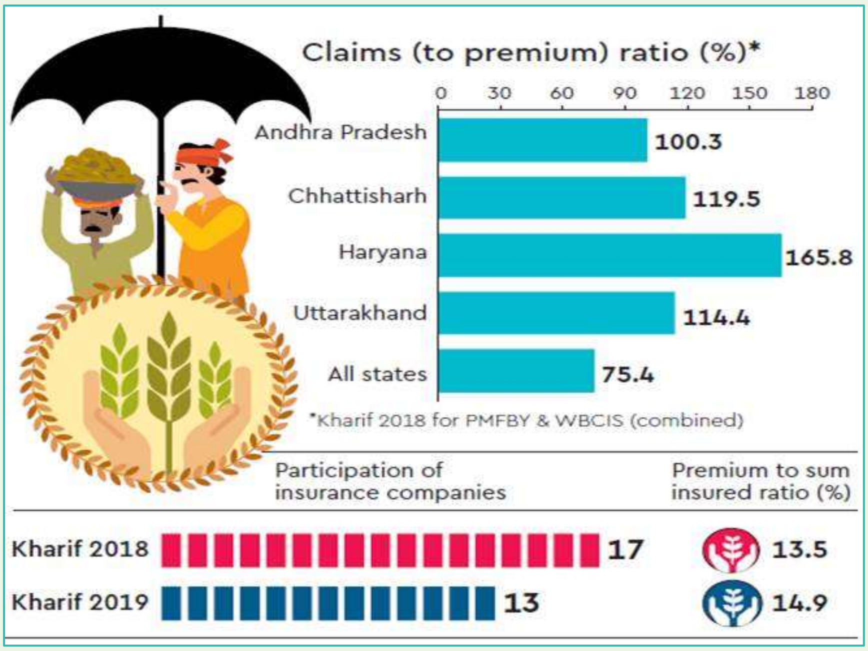
Source

CROP INSURANCE

Modi's PM Fasal BimaYojana under stress: ICICI, Tata, two other private insurers drop out of scheme - Financial Express – 12th November 2019

Four private insurance companies — ICICI Lombard, Tata AIG, Cholamandalam MS, and Shriram General Insurance — have opted out of the government's flagship corp insurance scheme, PM FasalBimaYojana (PMFBY), for both the kharif and rabi seasons of the 2019-20 crop year, as the claims ratios in the states where they were operators in the previous year were quite high, leading to losses from the business. Crop damages in Maharashtra, Andhra Pradesh, Haryana and Chhattisgarh in crop year 2018-19 pushed the claims by farmers up against the premium collected by the insures, to over 100% (see chart), even as the ratio on a pan-India basis was only 75.4%.

As the claims for kharif 2019 are currently being compiled by the insurers (harvesting of the crop is on), indications are that the claim to premium ratio could be very high in many states including Maharashtra and Karnataka where the prolonged monsoon rains damaged key crops like pulses, cotton and soyabean.



"Only 13 companies participated in the bidding process this year as against 17 last year. This has also increased the premium and the burden on the government," an official source said. Under PMFBY, farmers pay a fifth of the required premium while the Centre and state governments contribute the balance amount on a 50:50 basis.

After the initial years (the scheme was launched in kharif 2016) when it looked coming apart, the NDA government's flagship crop insurance scheme later appeared consolidating itself. Despite 2018 having seen moderate monsoon deficiency and somewhat uneven spread of rains in areas crucial for farming, the claims made by farmers under PMFBY for the year's summer crop was a quarter less than the premium collected by insurers; in the year-ago season, the ratio was 95%.

With state governments shedding their initial ambivalence towards the scheme, premium inflows have become more robust and prompt. There were reports that private insurers were raking in huge profits from PMFBY; the decision of the four leading private players to opt out for 2019-20 season however disproves the notion that the crop insurance scheme is a cash cow for the insures.

Before the launch of PMFBY only state-owned insurance companies were in the crop insurance business and since the government was meeting their losses, there was no real market-determined discovery of premium or claims settlement. Currently, five state-owned general/agri insurers have a share of more than half in the crop insurance business and losses from PMFBY have hit their bottom lines.

According to sources, there was a dispute related to the kharif 2018 groundnut crop in Barmer district of Rajasthan where Tata AIG had enrolled farmers under PMFBY, which resulted in the insurer not being in the fray for the kharif 2019 season. While the company claimed there was no sowing, the state government asked it to pay 100% for damage.

ICICI Lombard's loss ratio in the crop insurance business was 135% in FY18 and 106.5% in FY19. Loss ratio is losses (paid claims plus adjustment expenses) to premiums earned. In Maharashtra, the company had to settle claims of farmers due to drought in many regions of the state in 2018. Cholamandalam said in its annual report for FY19, referring to rising losses in the crop insurance portfolio, "The company has decided to take a pause in this line of business for FY 2019-20 and will closely monitor emerging developments for re-entry at a later stage".

According to data analysed by FE, the lower number of participants has resulted in higher premium for the crops in some states which were reported crop damage due to drought last year. The premium to sum insured ratio in Rajasthan increased to 20.4% during kharif 2019 from 16.3% year-ago. Similarly this ratio jumped to 14% from 11% in Chhattisgarh, to 10.3% from 8.3% in Haryana and to 9.4% from 8.1% in Andhra Pradesh.

Since farmers pay a fixed premium, the subsidy burden on the government increases when premium rates go up. Insurance is taken by farmers before sowing and the premium quoted by the insurance companies is mainly based on monsoon forecast. Under PMFBY, launched in 2016, farmers pay 1.5% of sum insured for rabi crops and 2% for kharif while it is 5% for cash crops.

The government has been mulling a number of steps including creating a pool for crop insurance and putting a ceiling on premium as part of next phase of reforms in the flagship scheme.

The premium rose to even 60% (of sum insured) for one crop in a district in Rajasthan during last-year kharif. The gross premium collected by insurance companies has been increasing through every season in the past three years while the number of insured farmers is either constant or have declined.

In the last three kharif seasons, the country had faced normal and close to normal monsoon in two years while another year was 9% below normal. But, due to a good distribution of rainfall, the country had record production of food grains in 2018-19. This year monsoon ended with 10% above normal for the whole season while 52% more rainfall than LPA during September alone has submerged many crops in states like Maharashtra, Karnataka and Bihar.

The insurers are estimated to have made a surplus of Rs 9,500 crore in the first three crop seasons (after the scheme was launched in 2o16). However, their profit could be around Rs 5,000 crore after factoring in expense ratio at 10 to 15% of the premium collected by the companies. However, with claims and reinsurance costs rising, the profits have been lately hit.

(The writers are Prabhudatta Mishra &PrasantaSahu.)

Source

TOP

MOTOR INSURANCE

Insurance company can reject claim for stolen car if you don't have all keys - The Economic Times – 15th November 2019

If you claim insurance for your car in case of theft but don't have all the car keys, you may not get your claim. The insurer can ask you to submit the two car keys before processing the insurance claim and if you fail to do so, your claim can get rejected.

You generally get two keys when you purchase a new car. In the case of theft, where you might not get back your stolen car, you might also not get the insurance claim if one of your car keys is lost or misplaced.

Rakesh Goyal, Director, Probus Insurance - an online insurance web aggregator, said, "Few people know that to get insurance claim for a stolen vehicle, it is necessary to produce the two keys to the car to show the insurance company. If you don't have the two keys, there are chances that the claim can get rejected."

Hence, to avoid getting your insurance claim rejected, you must ensure that you have both the car keys handy at the time of making an insurance claim. However, the regulator, IRDAI, has not made it mandatory for the insurer to ask for both car keys before accepting the claim.

Why does the insurer ask for both keys?
The insurance policy covers theft but not negligence. If a car owner leaves the keys in the car and it is stolen during that time, the theft is viewed as the individual's negligence. Providing both the car keys proves there isn't any negligence on the part of the owner. At the same time, it also acts as proof that there is no intention to defraud the insurance company.

Devendra Rane, Founder & CTO, Coverfox.com said that this is a step taken by the insurer to know that the theft of the car has not taken place due to the car owner's carelessness. If the car owner forgets the key in the ignition and leaves the windows open and/or doors unlocked, leading to theft of the car, then the insurance claim due to theft in such situations is not accepted by the insurer.

"When you submit both the keys while making the claim, the insurer assumes that you have taken all the necessary steps for protecting your vehicle. Thereafter, the insurer investigates the case and makes the appropriate payments as per the claim settlement process," Rane explained.

Sajja Praveen Chowdary, Head- Motor Insurance, Policybazaar.com said that as per the policy terms, the insured is supposed to take reasonable steps to safeguard the vehicle from loss at all times. "Therefore, any loss that happens due to not taking steps to safeguard your vehicle can be treated by the insurer as negligence under which this situation, where you are not able to produce two keys of your cars, is also expected to fall."

Goyal said, "It is mandatory to provide at least one key, although it is advisable to submit all the keys, the FIR report and No-Trace report from the police in case of car theft claim. Insurance companies do ask for all the original keys to ensure that it is a genuine vehicle theft claim and not a fraudulent one."

What if you do not have one or both the car keys of your stolen car? In such a case, someone may think of submitting keys of another car of the same model to the insurer to get the insurance claim accepted.

Normally, for a particular brand/model, the design of car keys looks identical. In such a case, how will the insurer recognize that keys submitted to them are of the stolen car?

Amitabh Jain - Head, Motor Underwriting and Claims, ICICI Lombard said that theft claims are evaluated through various details and evidence like circumstantial, verbal and written narrations, investigation, police report etc. which brings out the facts of the matter. He said, "The keys submitted by you are evaluated based on usage of the vehicle and verified against the initial declarations/narrations and revelations made."

Jain further said, "Police findings and reports in news articles are used to further verify the incident narrated by the insured. The circumstantial investigation is done on suspicion which unravels various facts."

Therefore, you must not try to submit fake keys to get a claim. For instance, during the process of car search if the police finds the stolen car and the insurer finds that the car keys submitted by you do not function/work in the car, then you may get into trouble for submitting fake car keys to the insurer.

What best practice you should follow

You normally use one car key to access your car lock system and when it gets damaged/stolen or worn out, then you use the other one.

1. Firstly, if your old key gets worn out, do not throw it, keep it safe. Chowdary said that to make your case strong at the time of filing an insurance claim for the stolen car, providing both keys can help you get the claim settled easily. "Therefore, you must keep both car keys safe till the time you are the owner of the vehicle," he said.

2. Taking a car key replacement insurance rider with your car insurance policy can help. Normally, getting duplicate keys made, except in case of FOB keys, is not too expensive. However, if you only get duplicate keys made then you run the risk of misuse of the lost/stolen key. Further, the key maker has the print of your original key which could lead to a safety breach.

Therefore, the safer option is to get the car lockset replaced. In case of new technology, remote keys or FOB keys of cars, authorised OEMs refuse to make duplicate keys and insist that you replace the complete locking system.

Replacing the complete lock set, which almost becomes a must in case of loss of high-tech keys, is a costly affair and many people avoid it for that reason. Consequently, if you have car key insurance to cover this cost, you are more likely to get a lost key replacing the lockset and getting two new keys.

Goyal said, "In a case where you have a key replacement add-on cover, the insurance company will either reimburse the key replacement cost or will get the key replacement done for you."

This way whenever your car keys get lost/damaged/misplaced, you can easily get the lockset replaced from the authorised dealer or local garage as and when required.

Points to note:
On losing your car keys, you need to report it to the police and get an FIR (First Information Report). Also, inform the insurer about the loss of key(s) before getting another key made in case you are getting duplicate keys made instead of getting the entire lockset replaced.

At the time of filing the insurance claim, apart from submitting both the keys to the insurer, you must keep the following things handy: insurance policy details, vehicle details, and copy of the FIR.

(The writer is Navneet Dubey.)

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SURVEY & REPORT

Insurance premiums to grow 3% despite economic slowdown: Swiss Re - Insurance Journal – 14th November 2019

Global insurance premiums will grow 3 percent on average over the next two years even with an emerging global economic slowdown, Swiss Re said in its latest sigma report.

Rising lost costs will fuel the moderate but steady increase, the reinsurer said.

"Pricing in non-life has strengthened, driven by rising lost costs in property catastrophe and U.S. casualty, and we expect this to continue," said the report titled "Sustaining resilience amid slowing growth: global economic and insurance outlook 2020/21."

The reinsurer added it sees low interest rates as another factor, creating continued pressure on insurers "to drive technical profitability, particularly in long-tail lines."

The emerging market in Asia, and China in particular, will drive global insurance premium growth, according to the report.

China will propel a 9 percent jump in property/casualty premiums and 11 percent in life premiums for 2020, Swiss Re said, with China making up 60 percent of all additional premiums in Asia over the next decade. Non-motor personal lines and medical and health insurance will create expanding risk pools, with 14 percent annual premium growth, the report noted.

Global Slowdown
While small increases in global premium will take place overall, Swiss Re sees a global slowdown in economic growth taking hold. The reinsurer predicts growth of 1.6 percent and 0.9 percent, respectively for the U.S. and Europe in 2020. Swiss Re said it sees a European slowdown particularly likely, "with low levels of productivity and technical innovation, and an aging population."

Asia, on the other hand, will chug along, with Swiss Re envisioning nearly 6 percent growth in India and China in 2020. Should recession hit, Swiss Re said that property/casualty insurers would take a hit, particularly those made vulnerable by global trade conflicts now underway.

Marine and trade credit insurance would be hit hardest, Swiss Re said.

On the other hand, a recession could benefit lines of business such as casualty, which can do well with reduced claims severity due to economic factors such as slowdowns in wage inflation and medical expense hikes.

Swiss Re hasn't forgotten social inflation – the impact of changes in the tort system through which most liability claims are settled. This trend is putting upward pressure on loss costs, particularly U.S. liability and also propel higher rates, according to the reinsurer.

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INSURANCE CASES

Insurance firm directed to pay Rs 30k medical claim - The Tribune – 10th November 2019

The District Consumer Dispute Redressal Forum has directed an insurance company to pay Rs10, 485deducted from the medical insurance claim of a local resident.

Ramesh Chaudhary, a local resident, had filed a complainant against the National Insurance Company stating that he purchased a medical insurance from the company and fell ill during its validity.

He said he spent an amount of Rs30, 485 for eye treatment that he underwent at a local hospital. Even as he was insured for a sum of Rs8 lakh, he had to pay the hospital bill from his own pocket. He alleged that later, the insurer paid Rs20,000 and withheld Rs10, 485, despite his repeated demands.

The company, in its reply, stated that the amount had been deducted as a part of various terms and conditions set in the policy. The forum observed that the only plea of the company in deducting the said amount was that the deductions had been made according to the terms and conditions of the policy.

It said, however, that the case of the complainant was that he was provided only the cover note and policy terms and conditions were not conveyed to the complainant. The forum stated that the company could not produce any document to prove that the terms and conditions were supplied to the insured.

It further said even in terms and conditions, it was mentioned that upto 10 per cent of sum insured or actual, whichever is lower, was guaranteed. In the present case, that amount came out to be Rs 80,000 (10 per cent of 8 lakh).

It said the incurred sum was less than Rs 80,000 and so, the complainant was entitled to payment of full amount, that is, Rs 30,485.

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PENSION

Employees Provident fund (EPF) account holders can now generate UAN online. Here's how – Mint – 10th November 2019

Giving more independence to account holders, the Employees' Provident Fund Organisation (EPFO) has now launched a new facility which allows you to generate your universal account number (UAN) online on your own.

Earlier, the only option for an EPF account holder was to contact his or her employer who would generate the UAN after getting the relevant forms signed by the employee. The employer would have to submit the forms to EPFO and generate the UAN which was then shared to the employee.

In most cases, the UAN is mentioned on salary slips. If not, you had the option of finding your UAN from the EPFO website.

But now you can generate your own UAN without the intervention of your employer. Remember that you can not have more than one UAN as the number will remain the same throughout your life. At the time of changing jobs, you just need to share your UAN with the new employer for them to get your previous EPF balance transferred to the new account.

To generate a new UAN, you need to go to EPFO's unified portal for member services and click on the option 'Direct UAN Allotment by Employees' on the bottom right side of the page. Those who already have their UAN but want to the number can click on "Know your UAN statuses.

Those generating a new UAN will be taken to a new page where users will be asked to provide their Aadhaar-linked mobile number and captcha code. Since UAN is an Aadhaar linked facility, only Aadhaar card holders with a registered mobile number are allowed to use this facility.

An OTP is sent to the registered number to confirm the identity of the user after which a UAN is generated and sent to the mobile number. Later on, you can also log-in to the EPFO website by using the password sent to you.

The biggest social security organization in the world, EPFO maintains around 22 crore accounts with a fund of approximately 13 lakh crore. For the last financial year, the retirement fund body provided interest of 8.65%.

(The writer is Nikhil Agarwal.)

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IRDAI CIRCULAR

List of corporate agents registered with the authority is available on IRDAI website.

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GLOBAL NEWS

China: CBIRC moves closer to improving life actuarial rules – Asia Insurance Review

The CBIRC has launched a second round of consultations on proposed changes to life actuarial rules, after receiving feedback from the industry and incorporating suggestions obtained therefrom into a second draft.

The current regulations, issued in 1999, can no longer meet the needs of the rapid development of the life insurance sector, reported Shanghai Securities News. The first round of consultations took place in September.

Insiders point out that changes are needed to provisions for risk guarantee determination; cash value calculation, predetermined surcharge rate determination, and statutory liability reserves.

The revised regulations, when finalised, will help guide insurance companies in adjusting their business structure and developing more affordable personal life insurance products.

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Global: Genetic testing provides huge opportunities for life insurers - Asia Insurance Review

Genetic testing has gone mainstream and has the potential to improve the mortality and morbidity experiences of the general population, providing huge opportunities for life insurers in the future, said speakers at the International Committee for Insurance Medicine (ICLAM) Congress being held in Mumbai, India.

The event, held in Asia after a gap of 32 years and for the first time in India, provides a forum, where the latest developments in medicine and their relevance to life and health insurance are discussed on a global level.

Genetics and life insurance

Life insurers in many countries are looking at ways to offer customers genetic testing services to improve long term health outcomes.

Though many challenges exist, the information from genetic tests has the potential to improve mortality and morbidity. These tests motivate people to make lifestyle changes or take healthy actions.

Speaking about 'genetic exceptionalism', Mr Ronald Klein, executive director of BILTR (Bermuda International Long Term Insurers and Reinsurers) said that the information gathered is intrinsically unique and different from traditional medical information. "Genetic exceptionalism is unique to each individual, has predictive powers and can cause emotional problems if not addressed," he said.

More and more governments are considering regulating the use of genetic information by insurers and so there needs to be greater interface between regulators and insurers to ensure that consumer interests are protected and that insurers can underwrite sustainable products.

Innovative products changing healthcare

Earlier in her keynote address, Ms Sangita Reddy, joint managing director of Apollo Hospitals, highlighted the growing synergy between the healthcare segment and insurance industry in India and around the world. She highlighted how India offered the lowest medical costs in the world which is made possible because of streamlining backend processes thereby reducing administrative and manpower costs and ensuring that the benefits of high-tech medical care is made available to all. “AI, IoT and automation are transforming the Indian healthcare space and we have been able to reduce costs and make healthcare accessible to all. We now have many overseas patients including those from the advanced nations visiting our hospitals for treatment,” she said.

Highlighting the strong connect between the insurance and healthcare segments, she called for greater coordination between the two. “The healthcare segment needs to embrace products developed by the insurance segment,” she said. Apollo Sugar clinics for diabetic patients are one such initiative in her organisation that was developed through regular interactions with the insurance sector.

ICLAM fostering and supporting Asian markets

Apart from organising conferences every three years, ICLAM fosters and supports national associations that focus on insurance medicine. Asia with its mix of very advanced and evolving markets, and a huge and diverse population, needs a strong foundation in insurance medicine. The future challenges that both insurers and the healthcare sector face are in genomics, discrimination legislation, medical advances, changes in disease patterns influenced by demographics and lifestyle changes, data protection and climate change. All of these are highly relevant in markets around Asia.

The three-day event is attended by 500 delegates from over 30 countries.

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