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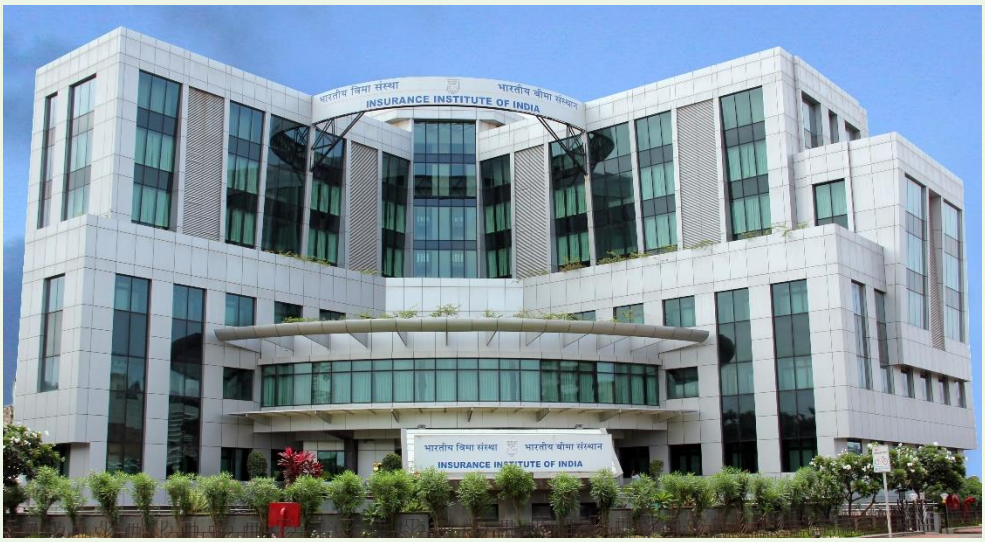


QUOTE OF THE WEEK

"Success is peace of mind which is a direct result of self-satisfaction in knowing you did your best to become the best you are capable of becoming."

John Wooden

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Transit Insurance

Transit insurance is a type of insurance policy that covers business goods or personal belongings while they're being moved from one place to another. These policies typically give you coverage from the time it is loaded onto the specified method of conveyance (a truck, for example) until you reach the destination declared on the policy.

The policy is usually restricted to transportation overland (ie. by truck, rail, airplane, or ferry in connection with land transportation) and travel on ocean marine vessels are excluded.

This type of insurance covers property in transportation through all stages of the journey including:

- Packing and unpacking.
- Loading or unloading.
- Transportation.
- Storage of goods during the move

It also covers the damage or loss of the goods while in transit due to mishandling or other forms of damage such as accidents, explosions, impact fires, theft, and malicious damage.

Losses that can be attributed to the shipper such as improper packaging or inherent vice in the property being transported is not covered.

There are different types of transit insurance depending on what role you play in the journey. For example, people who own the goods in transit would get a different type of transit insurance than someone responsible for their actual transportation.

Transit insurance is useful to people who regularly transport goods over large or small distances, especially couriers.

INSURANCE INDUSTRY

Here's why Indian insurance cos are investing big in automation and cloud – The Economic Times – 28th July 2022

The Insurance industry is getting increasingly digitized nowadays, and the insurance companies plan to increase their investments in automation. Artificial Intelligence and RPA will enable the insurance industry to build intelligent software and help the insurance companies change the process of Policy Checking, Data Entry, and the Claim Process completely.

Impact of automation in the Insurance Industry - Policy checking, Data Entry, and Claim Processing.

AI-enabled BOTS

AI-powered bots are capable of automating various tasks like Sales, Marketing, Customer interactions, and operational tasks. The bots can be text-based or voice-based; on text-based, the Natural Language Process (NLP) is widely used to make interactive chats between customers and computers. The voice bot captures, interprets, and analyzes vocal input given by the speaker to respond in a similar natural language. Users can interact with a voice AI bot with voice commands and receive contextualized, relevant responses.

AI-enabled Voice and Chatbots are more efficient customer support channels that allow us to engage with our customers in real-time with minimal investment and operating costs. Both the bots use the AI technologies like Machine Learning, NLP, and Artificial Emotional Intelligence.

Data Science

Data science helps insurance companies use the data efficiently to drive more business and refine their product offerings. It can enable insurers to develop effective strategies for customer acquisition, develop personalized products, analyze risks, assist underwriters, implement fraud detection systems, and much more.

McKinsey predicts that up to 30 percent of underwriting roles could involve more significant interaction with data scientists and quantitative tools. Another 30 percent of the roles could be automated, thereby reducing routine and low-value tasks that are manual today. Underwriters, who are not programmers, will extensively work with the new team that is primarily focused on digital and data roles to develop and manage underwriting solutions.

Areas of Data Science adopted in the insurance industries are:

- Fraud Detection
- Customer-specific demand forecast
- Demand-based forecast
- Customer Clustering
- Price Optimization
- Recommendation Engines
- Risk Assessments
- Calculation of Customer Lifetime Value (CLV)

Data analytics, particularly predictive analytics, also have major implications for the marketing and sales of insurance policies. Claims processing is another area where data analytics and insurance AI will provide a significant advantage.

Machine Learning will assist in performing the damage assessment on automobile claims. The damages are assessed using the video clip or images of the damaged asset-using computer vision and will automatically calculate an estimated claim amount. This area will continue to grow with the rise of connected technology and new applications of AI in insurance to make instant claims resolutions and reduction in claim TAT.

Blockchain in Insurance will disrupt the reinsurance operations by reducing the verification and validation time with complete transparency. Wearables and Vehicle Telematics provides the driving analytics, which provides the insurance companies to create persona-based tailored insurance products like Usage-based plan, Pay-as-per-Usage plan, Pay-as-per-driving-behaviour and also improves the risk management. Using the OCR feature will help us to automate the manual entry and digitalize the paper records.

Robotic process automation (RPA) uses programmed bots to act as digital workers and take over repetitive tasks. These technologies can help insurance companies automate their claims processing, making the process faster and more efficient.

How cloud solutions can enable faster servicing of clients

Today, almost every organization uses the public cloud, as businesses need the flexibility and scalability of cloud services to embrace rapid shifts and economic conditions. Cloud services have an important role to play in making the business more agile and delivering maximum business value in a minimum time.

We should design a cloud strategy that optimizes the insurance business needs in terms of speed, resilience, and agility. We should choose the best cloud technology delivery model based on our needs like public, private, multi-cloud, or hybrid, and the best vendors from the market.

The cloud solutions provide benefits like On-Demand Self-service, Multi-tenancy, Low-cost software, availability, scalability, resilient computing, API access, and web-based control interfaces, making it independent of locations. The cloud enables insurers to use the latest technology platforms, which leads to shorter turnaround times for products and services.

Most companies are moving towards a hybrid cloud to leverage the existing data center capabilities and the benefits of public and private clouds. The applications and components can interact anywhere across instances and architectures through this hybrid model.

Organizations should ensure the following points to maximize the benefits of cloud solutions.

- Maintain good cloud health
- Always monitor the end-user experience
- Measure the resource consumption metrics
- Automate the cloud monitoring tasks
- Implement Caching services
- Adopt Recovery as a Service

Recovery as a service (RaaS), also referred to as disaster recovery as a service (DRaaS), enables the insurance companies to protect the cloud application or data from any disaster/service disruption.

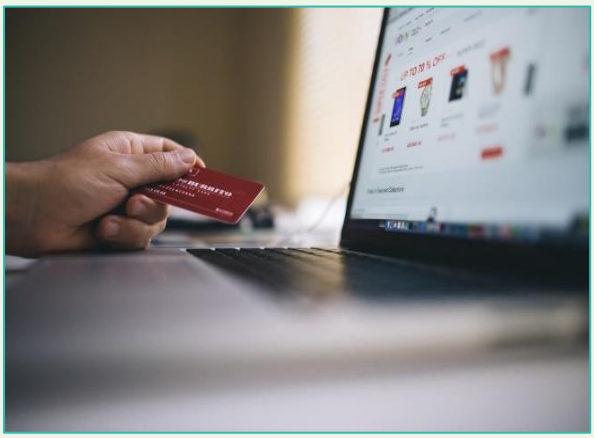
With Disaster Recovery as a Service (DRaaS), insurance companies can have the best Business Continuity Plan (BCP), which comes at a low cost compared to the cost in the event of a natural or data center disaster. DRaaS capacity is delivered in a cloud-computing model, so recovery resources are only paid for when they are used, making it more efficient than a traditional disaster recovery warm site or hot site where the recovery warm site or hot site where the recovery resources must be running at all times. The data security risk is the most serious concern for insurers in moving their business to the public cloud, along with the compliance and regulatory risk.

With the future looking promising for the insurance industry, digital transformation at the forefront will bring several changes in the regulatory framework, business processes, and customer engagement. Innovation is the core capability, and digitalization sets new ways to accelerate the critical needs of expansion by forming strategic partnerships with technologies such as cloud, AI, ML, etc. Digital Transformation opens avenues for tech-savvy consumers to easily navigate the insurance industry, leading insurers to be digitally-savvy carriers as well.

(The writer is Dinesh.)

TOP

Insurtech companies are eyeing MSMEs with byte-sized offerings, says experts – Financial Express – 25th July 2022



Credit and Finance for MSMEs: Insurance companies historically have concentrated their efforts on large organisations but of late with the acceleration of digitization, several insurtech companies are curating their offerings for the 6.3 crore MSMEs in the country with low-ticket size and over-the-counter products.

"MSMEs are one of the most underpenetrated markets in a large insurance segment in potentially the fastest growing economy in the world," said Raghuveer Malik, Corporate Insurance Head at PolicyBazaar.

Malik was speaking at the panel "How embedded and bespoke InsurTech better serves SMEs and Enterprises" at Niti Aayog-supported FinTech Festival India at Pragati Maidan, Delhi.

He added, that the simplicity of the user's journey is key for the insurance product's uptake as the customer needs to speak to the insurance company while applying for their claims which is always at the backdrop of an unfortunate event. "Just putting a product out there and leaving it for people to consume doesn't work. Customers need to be made aware of the product contours through support and advisory." PolicyBazaar receives 1,000-2,000 inquiries daily organically from SMEs.

Another strategy that is gaining traction is embedded insurance which includes adding insurance protection while a consumer is buying a core product, let's say, showing a notification to an SME owner of taking up a credit risk insurance while they are opting for a loan from a fintech firm.

"Insurance is not sold, it is purchased. Selling byte-sized products as embedded insurance works as we exactly know what is the context and making the insurance discoverable in the same interface becomes very easy for customers to select the right product," said Gourav Agarwal, Director of Partnerships at Cover Genius.

George Kesselman, Chief Commercial Officer, SEA, ZA Tech added that they are also seeing interest from large companies, HR platforms or even banks who have a long tail of MSME clients and vendors and want to offer specific insurance products to the small businesses on their platform.

Brands may have the right product-market fit but they are bound to fail if the customer doesn't trust the brand. While trust deficit is a global phenomenon, it is higher in India, said Abhishek Poddar, co-founder and CEO at Plum. "Insurance is a very unique product because customers pay the entire money in advance for a future promise. For a company to command that confidence from the customer, they have to provide the customer the experience that they will be taken care of for the next one year."

TOP

INSURANCE REGULATION

Irdai changes key rules for insurers – The Economic Times – 29th July 2022

The Insurance Regulatory and Development Authority (Irdai) has made important changes to rules governing sales, investments and commissions charged by insurance companies as part of the ongoing deregulation agenda.

The changes were passed at the regulator's board meeting earlier this week and are likely to be implemented by the end of the quarter, two people familiar with the decisions said. Among the decisions is allowing banks to sell insurance policies of up to nine insurance companies, the biggest distribution reform since the regulator allowed corporate agents like banks to sell policies from three insurance companies as part of the open architecture policy implemented since April 2016.

The Irdai minutes are likely to be finalised in the next few days and changes are likely to be implemented in September. The regulator has also decided to allow insurance companies to tap fund raising options, like through the debt market, without prior approval from the Irdai. All these moves are part of the new Irdai chairman's reform agenda, which has focussed on lightening regulations, giving companies more decision making powers and removing old laws.

"The decisions made in the board meeting are a part of the same agenda," said one of the persons cited above. "The clear focus is to ensure easier regulations and remove unnecessary regulatory influence or red tape. Some of these things needed to be changed because they are not suited for the current business environment, which is more dynamic.

(The writer is Joel Rebello.)

TOP

Irdai may offer more flexibility to insurers in corporate agency tie-ups – Business Standard – 28th July 2022

In the recently concluded board meeting of the Insurance Regulatory and Development Authority of India (Irdai), the regulator has sought to provide greater flexibility to insurers as far as their corporate agency tie-ups are concerned, people in the know said.

The regulator has mooted the proposal that corporate agents can tie-up with up to 9 insurers each in the general, life, and health insurance sectors. Currently, corporate agents are permitted to distribute products of three insurance companies each in the life, health, and general insurance sector.

This would provide a significant boost to the bancassurance channel as insurers will be able to have more bank tie-ups, which in the recent years has proved to be one of the major distribution channels for insurers after the agency channel.

Further, they have proposed to allow corporate agents to place commercial lines general insurance covers without any limit on sum insured. And insurance marketing firms (IMF) can also have tie-ups with six insurance companies each in the life, health, and general insurance sector. Currently, they can solicit and procure insurance products of two insurers each in the three sectors.

Apart from distribution, the regulator has also proposed major changes to the investment norms of insurers, wherein they are seeking to revise criteria for insurers to invest in debt securities of InVITs & REITs, in AT1 bonds, among other things. Insurance companies, as of now, can invest in bonds of InvITs or Reits of any ratings, but if an instrument has a rating below AA, it becomes part of other than approved investments, and those above AA, become approved.

As per Irdai's regulations, about 75 per cent of the insurance companies' investments has to be in AAA-rated assets, 25 per cent can go to AA or even A- rated instruments. And, an insurance company can take exposure to below AA rated instruments only after taking approval from the board of the company.

Further, they are evaluating permitting equity derivatives for the sole purpose of hedging.

The regulator has also mooted the proposal of removing the requirement of insurers taking prior approval for issuing Other Forms of Capital (OFC). The permissible is also going to be expanded, wherein OFC of the insurer has to be lower of 50 per cent of the total paid up equity capital and securities premium; or 50 per cent of the net worth of the insurer.

Also, prior approval requirement for exercising call option under OFC issue has also been proposed to be removed, subject to the solvency ratio of the insurer not being less than 180 per cent.

As far as expenses of management is concerned, the regulator has proposed a limit on expense of management for general insurers, which should be lower of 30 per cent or expense rate of gross written premium. New players will, however, be exempted from this limit till they attain a certain size, not exceeding 10 years.

For life insurers, the expense of management will be monitored on an overall basis for par and non-par business. And, excess expenses will have to be borne by the shareholders.

These are proposals under consideration for amendments to various regulations. These proposals will be put by the regulator for stakeholder consultation, and for comments.

(The writer is Subrata Panda.)

TOP

IRDAI looks to revise startup capital for insurers, experts ask about pricing method – The Economic Times – 27th July 2022

The Insurance Regulatory and Development Authority of India (IRDAI) has set up a committee to examine the capital needs of different types of insurers to increase the insurance penetration in the country, said a senior official. The IRDAI is looking at allowing niche insurers like regional, captives, composites, micro and for their subsidiaries. Currently the minimum capital needed to start a primary insurance company is Rs 100 crore as prescribed by the Malhotra Committee on Insurance Reforms. There are insurance companies who have started operations with a minimum capital over Rs 100 crore.

The IRDAI is of the view that niche players can have a lower start-up capital than the Rs 100 crore for any insurance company. A former IRDAI official said: "One has to see how the niche players are being defined. If it is a regional insurance company, should they underwrite only the risks located in their region or can go beyond." Further how the premium rates are to be arrived at, should also be seen, the official added.

"In the case of a life insurance company, the mortality table is for the entire country. The premium rates are arrived at taking into account the mortality rate of the entire country and there are no region wise differential ratings. In the case of a regional life insurance company how the premium rate is to be fixed is the question. If a lower capital norm is fixed, then there should be a regional mortality table and the premium should be fixed based on that," the retired official added.

Meanwhile, the IRDAI has fixed one month for the committee on capital requirements for niche insurers to submit its report.

TOP

Insurers are now free to choose network providers or hospitals for cashless treatment: IRDAI – The Economic Times – 27th July 2022

Insurance regulator IRDAI on Wednesday allowed general insurers to choose network providers or hospitals that meet their standards, thus easing norms for expanding cashless facilities in the country. The Insurance Regulatory and Development Authority of India (IRDAI) has modified the 'Guidelines on Standardisation in Health Insurance' to give effect to the new norms.

"In order to enhance the scope for offering cashless facility across the length and breadth of the country, the insurers are now empowered to empanel the network providers that meet the standards and benchmarks criteria as specified by their respective boards," it said in a circular to insurers and third-party administrators (TPAs).

Earlier, only those network providers which were registered in the Hospital Registry ROHINI maintained by Insurance Information Bureau (IIB) could be empanelled by the insurers. Hospitals offering cashless services had to also meet the pre-accreditation entry-level standards laid down by National Accreditation Board for Hospitals (NABH).

"The regulator is steadily improving the ease of doing business. This circular allows insurers to take independent decisions on which hospital to empanel and then be transparent about that," said Kapil Mehta, co-founder, SecureNow. IRDAI further said the boards of insurers should consider the minimum manpower and healthcare infrastructure facilities before empanelling a hospital.

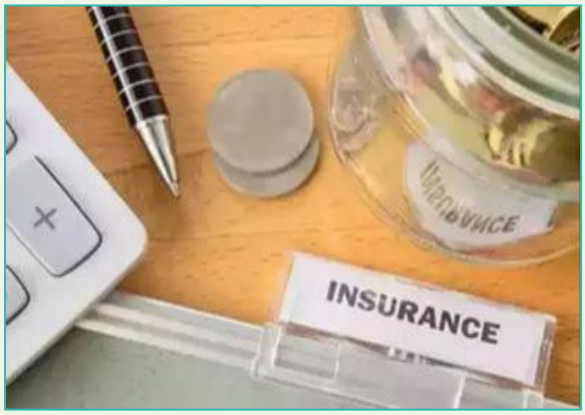
The board-approved empanelment criteria should also be published on the website of the insurers from time to time, the circular said.

On the IRDAI's decision, Sharad Mathur, MD and CEO, Universal Sompo General Insurance said the regulatory initiative would increase the scope of the insurers' cashless services which would play a pivotal role in reducing the financial burden on policyholders.

"This will also provide a strong network of health care plus insurance services countrywide," he said. The regulator has also asked the insurers to focus on the delivery of quality healthcare services while taking on board hospitals for cashless facilities.

TOP

Irdai carrying out series of reforms for ease of doing business: Minister - Business Standard – 26th July 2022



The insurance regulator is carrying out a series of efficiency reforms to promote ease of doing business among insurance companies, Minister of State for Finance Bhagwat Karad has said in a written reply in the Lok Sabha.

This was in response to a question on whether the Insurance Regulatory and Development Authority of India (Irdai) is rationalising the existing framework and reducing compliance burden on regulated entities to support their growth.

The minister said Irdai had formed several working groups that had been tasked with making a comprehensive review of the existing regulations under the aegis of Life Insurance Council and General Insurance Council, respectively.

Irdai has also developed a mechanism to process applications filed for registration of new insurers and for grant of certificate of registration to commence the insurance business in India. As a result of the new mechanism, many entities, including Canadian billionaire Prem Watsa's Fairfax group and Kamlesh Goyal, who are the promoters of general insurance company Go Digit General Insurance, have applied for licence to set up new insurance companies.

The regulator has permitted "use&file" procedure for a number of product segments across the life and non-life industry. Earlier, the insurers would follow the "file&use" procedure, which would invariably result in delays in product approvals.

They have also introduced new motor insurance add-on covers namely "pay as you drive" and "pay how you drive", which is expected to make own damage covers cheaper and drive more penetration.
Irdai has relaxed the solvency capital requirement to promote the Pradhan Mantri Jeevan Jyoti Bima Yojana, the flagship government scheme to expand life insurance coverage to the poor and underprivileged.

(The writer is Subrata Panda.)

TOP

Achievability of Irdai target to depend on demand, growth, inflation –Financial Express – 25th July 2022

Whether life and non-life insurance companies would be able to achieve Irdai's suggested growth figures would depend on factors such as underlying demand for insurance cover, macroeconomic growth and inflation going ahead.

The Insurance Regulatory and Development Authority of India (Irdai) has recently circulated "tentative targets" for growth to all insurers in order to increase insurance penetration. This is for the first time that

Irdai has prescribed premium growth guidelines for individual companies. It has caused surprise in the insurance industry.

"Irdai has said it really wants to take insurance growth to the next level as insurance remains under-penetrated in India. It has suggested different growth figures for different companies. The chairman is working very closely with the industry. It creates a lot of positivity in terms of growing the business. Higher business growth for every company will ensure higher penetration, But, the future growth will depend on a lot of factors," said a senior executive at a major life insurance company.

According to industry sources, the tentative growth targets came up after Irdai chairman Debasish Panda met the top brass of the insurers at Bima Manthan, a bi-monthly series of in-person meetings with the CEOs and MDs of insurers. In these meetings, Panda reiterated that the reform journey that has been embarked upon is underway and will be completed in a time-bound manner.

The regulator has suggested increasing the collective premium for the non-life insurance companies to Rs 11.73 trillion by FY27 from Rs 2.20 trillion as of FY22. For state-run general insurers, it has been suggested to raise collective premium from over Rs 75,000 crore to Rs 2.29 trillion during the period, while for stand-alone health insurers, the suggested increase in premium is to around Rs 1.51 trillion from over Rs 20,000 crore. "Irdai likes to see skyscrapers all around," a senior executive at a top general insurance company told FE.

"Growth targets have been communicated to the companies. But these are aspirational targets like India becoming a $5-trillion economy soon. Yes, this is a target, we all have to achieve it. But there is no compliance for this matter. Meeting these targets will depend on how customers are reacting to different regulatory policies," the person said.

Notably, the insurance regulator has recently allowed the general insurance companies to design new and customised products for dwellings, micro and small enterprises for fire and allied perils, providing policyholders more options to choose from. It has also permitted general insurers to introduce tech-enabled concepts for the Motor Own Damage (OD) cover in order to offer customers usage-based insurance covers as add-ons to the basic policies of Motor OD.

According to industry observers, companies set their own growth targets at board levels, but ultimately things on the ground take their own shape. There are so many factors involved. Thus, the achievability of the growth targets, prescribed by Irdai for both life and non-life insurance companies will depend on factors like demand growth for insurance covers, economic growth at the macro level, and how customers are thinking about inflation.

"Future demand growth for life insurance products depends on awareness. Regulations can facilitate in terms of giving more operating freedom, allowing more innovations, and allowing more technology. Our per capita income is very different from some of the other economies, and insurance awareness and penetration is also a function of that," a person cited above pointed out.

A top executive of a major life insurance company told FE that insurers are not currently witnessing high inflation impacting demands for savings products, but the impact could be seen for some of the retail term products.

(The writer is Mithun Dasgupta.)

TOP

LIFE INSURANCE

Supply-side constraints weigh on retail protection biz for life insurers - Business Standard – 25th July 2022

Persisting supply-side constraints because of the Covid pandemic and the rate hikes taken by reinsurers over the past two years have impacted growth of the retail protection business of life insurance companies. Yet, the protection segment, overall, has witnessed decent growth, mainly because of strong traction in the credit life business, buoyed by disbursement from banks and NBFCs. Two of the largest private sector life insurance companies, which announced their earnings recently, have witnessed a contraction in their retail protection business. While HDFC Life's saw a 34 percent year-on-year (Y-o-Y) decline in Q1 on an annualised premium equivalent (APE) basis, ICICI Prudential Life's individual protection business witnessed a fall of nearly 40 percent Y-o-Y. ICICI Prudential and HDFC Life saw their protection APE grow by 22.2 percent and 31 percent, respectively.

During an analyst call, N S Kannan, MD & CEO, ICICI Prudential Life Insurance, said: "We have had supply-side challenges during the pandemic to run the retail protection business. However, we have come to a stage now where sequentially, the numbers have stabilised. In Q3, we expect Y-o-Y growth". "We will continue to recalibrate our protection strategy and work on decongesting the process for our priority customers, and we are also working on pitching the appropriate sum assured according to eligibility to our customers," Kannan said.

Niraj Shah, chief financial officer, HDFC Life, said: "The group business has driven the overall protection growth. The credit life business, which is a fairly stable business for us, continues to be strong and profitable. With robust credit growth for banks resulting in fairly strong disbursement growth, our credit life business has grown over 90 percent Y-o-Y".

The retail protection business had gained traction when the pandemic was at its peak. But tighter underwriting standards adopted by life insurers, at the behest of reinsurers and to protect their balance sheet because of the mounting Covid-related death claims, meant the demand for term products by retail consumers was not fully met by insurers. During April 2020-May 2022, the life insurance industry received 235,000 claims aggregating to Rs 18,135 crore for Covid-related deaths. Of these, about 234,000 death claims, amounting to Rs 17,606 crore, were settled. As death claims due to Covid were on the rise, reinsurers raised prices on quite a few occasions. Term prices inched up 30-50 percent in some cases over the past two years. Insurers say term prices have stabilised now and there should not be any huge change in the prices going forward. Also, some large players, such as HDFC Life and ICICI Life, have raised their threshold for retention of risk on retail protection plans on their balance sheet, thus bringing down the overall retail protection sum assured that is reinsured. An increase in retention limit means the insurer increases the degree of risk it retains on its balance sheet. Beyond that, the insurer cedes the excess risk to a reinsurer. The higher the retention limit, the lower the reinsurance costs.

(The writer is Subrata Panda.)

TOP

Is your lender asking you to buy insurance while taking home loan? – Financial Express – 23rd July 2022

While taking a home loan from a bank or from any other lending institution, one may be asked to buy an insurance policy as well. The lender will, typically, want to ensure that the loan amount is repaid in the

event of the death of the borrower before the outstanding loan is paid off. In fact, it is always better to make sure that the loan liability is adequately covered through an insurance plan. However, buying insurance from the lender is not compulsory.

Banks generally offer a single premium insurance plan equal to the amount of loan amount. To make the deal lucrative, some banks may add the amount of premium to the loan amount resulting in a small increase in EMI.

Further, there is no requirement to be met to furnish proof of insurance to the lenders. As a borrower one is not obliged to buy insurance at the time of taking a home loan or a personal loan. It is entirely the borrower's discretion to buy an insurance policy to cover the loan amount or not.

Ideally, one should have a life insurance coverage of at least ten times one's annual take-home income. This will help in maintaining the standard of living of surviving members of the family. In addition, if there are liabilities such as a home loan, one should buy additional coverage. Once the loan liability gets over, the additional sum insured (life insurance policy) taken for that purpose may be dropped.

Term insurance plans fit the bill in taking a high amount of coverage at an affordable premium. Even loan liabilities may be covered by buying term plans. One is allowed to buy term insurance plans from multiple companies, however, proper disclosure has to be made about that. It has been observed that a 15-year home loan, typically, gets repaid in a span of 7 or eight years. Therefore, paying a single premium for a term plan may not help much. Instead, buy additional coverage through a term insurance plan, and being a separate plan, you can stop paying the premium once the loan liability is over. At this stage, you may still review the life insurance needs and may even continue with the plan.

If you already have a term insurance plan then buy another policy from the same or another insurer with an amount equal to the amount of a home loan. So, if you already have a Rs 1 crore term insurance cover and the loan is of Rs 40 lakh, then get an additional cover equal to the loan amount. Keeping your loan liability covered with an insurance policy is essential but buying it from the lender is not mandatory. Make sure the day you have the loan disbursed in your name, you have adequate life insurance to cover it.

(The writer is Sunil Dhawan.)

TOP

GENERAL INSURANCE

New rules may open floodgates for AI-driven auto insurance – Live Mint – 28th July 2022

Artificial intelligence (AI) is set to transform the vehicle insurance industry in India, with car sellers and insurers offering AI-powered solutions for policy renewals. For instance, Kotak General Insurance Co. Ltd has started using an AI-based vehicle pre-inspection tool in partnership with Inspektlabs for policy renewals.

As part of the process, customers can capture photos and videos of vehicles and upload them on a cloud-based app. The AI-powered model generates an automated inspection report on the extent of damages within a few seconds to determine if the vehicle should be insured. The company announced its plans two weeks after the Insurance Regulatory and Development Authority of India (Irdai) allowed general insurance companies to start using tech-enabled solutions for own damage covers.

Suresh Sankaranarayanan, Kotak's chief technology officer, said the regulator's move will pave the way for AI-driven solutions in vehicle insurance. However, for Kotak, the plan was in the pipeline for quite some time, he added.

Irdai has also asked insurers to offer telematics-based insurance plans such as 'Pay As You Drive', wherein the premium amount is calculated based on the number of kilometres covered by a vehicle, and 'Pay How You Drive', where it is determined by driver behaviour.

Sankaranarayanan said the Irdai's move will encourage insurance companies to come up with various plans. "We are also working on something on similar lines and will be coming out with it soon. "Insurance is a paper-intensive business, whether it is onboarding or claims. We have been digitizing the documents, but digitizing only reduces the transport time. Using AI cuts down a few hours from the processing system," he added.

This will also make the processing of claims much faster and also help identify fraud markers more effectively, said Sankaranarayanan.

To be sure, AI-driven insurance is not new. Second-hand car sellers are also using such solutions, or are planning to. For instance, used car platform CARS24 uses neural network architectures along with traditional imaging and sound processing technique to detect damages and defects in car exteriors as well as engines. "We have been able to reduce inspection turnaround time by 20%. Our trading margin has improved by 5% of the selling price in the last six months," Naresh Mehta, head, data science and analytics (global) at CARS24, said.

In February, Kotak General Insurance signed an agreement with CARS24 Financial Services to allow the platform extend motor insurance services to its consumers. Similarly, pre-owned cars showroom CarzSo, too is planning to deploy an AI-based solution during and after inspection for rating vehicles based on their condition. "Pre-owned car dealers and buyers are finding it challenging to assess the condition of a pre-owned car," said Vaibhav Sharma, founder and chief executive, CarzSo. However, CarzSo isn't using AI to insure vehicles, but the core technology is similar. In fact, industry experts said as more and more insurance use-cases come, companies offering AI products will gain more authenticity.

That said, the increased use of AI could also be detrimental to end users. Bias in AI models and poorly constructed algorithms could penalize users when they should not, or overlook road and driving conditions in countries like India. Insurers are aware of these concerns, too. "No model is perfect, to begin with. It is going to reject a few cases for no fault of the user may be," said Sankaranarayanan, adding that the company is fine-tuning the model to remove errors or biases. "Over time, the model will get refined to a degree where this may not be the predominant problem anymore."

(The writer is Abhijit Ahaskar.)

TOP

Compensation to blame: Amendments to strengthen law on industrial accidents – Business Standard – 28th July 2022

The horrendous toll from the Bhopal gas tragedy of December 2-3, 1984, helped India draw up a far-sighted social welfare legislation that also stipulated the extent to which the public is entitled to compensation in the event of an industrial accident. This was the Public Liability Insurance Act, 1991 (PLI Act). Once the law was passed, everybody forgot about it. A stock-taking exercise conducted in March 2020 by Debadityo Sinha for Vidhi Centre for Legal Policy found an insurance pool set up under this Act to finance citizens, who sue companies for injury or death caused by hazardous substances used in an industrial unit, has fattened to a corpus of Rs 810 crore. But this fund has rarely paid out any

money. Some of this apathy could change now, with the proposed amendments to the PLI Act that the government hopes to push through in this current session of Parliament. Some of the alterations in the law could also be hugely beneficial for industries as well, as the government plans to drop certain punitive clauses and decriminalise lapses such as delay or incorrect filing of reports.

Overall, however, the changes also widen the ambit of the Act by bringing many more types of environmental damage under its jurisdiction (the exception is damage from nuclear power plants, which is governed by a separate — and controversial — supplier liability law). The intent behind the amendments is to prod industries to become more conscious of their social obligations, though it will also provide a hefty increase in a hitherto scant-used line of business of non-life insurance companies. In all of this, the winner could also be the central government, which could end up scoring brownie points ahead of the 2024 parliamentary elections by securing the rights of the public and imposing obligations on industry. As it stands, the PLI Act grants an individual the right to sue the owner of a company that has injured her or members of her family by the improper use of hazardous substances in its manufacturing process. Whether a manufacturing unit has emptied carcinogenic chemicals into public drains, emitted lethal gas into the atmosphere or caused an explosion that puts at risk those who live near the unit, all these transgressions come under the PLI Act. “It provided public liability insurance to ensure immediate relief to persons affected by accidents based on no-fault liability,” noted Vanita Bhargava, partner of law firm Khaitan & Co.

To ensure the public’s right is not short-changed, the Act made it mandatory for companies to take out a specific insurance policy. If the claims are higher than a single insurance company can pay out, the government maintains the environment relief fund (ERF) as a pool with the state-run United India Insurance Company to pay for them. It can do this because a sum is sequestered to the ERF from every premium that is paid. Despite these obvious benefits, progress has been snail-paced for a variety of reasons. For one, the maximum liability of the company for any environmental disaster was limited to just Rs 50 crore. This meant that the premium it would pay out was a fraction of this ceiling. It seemed a vast sum in 1991, but in 2022 it is less than the turnover of many small industries. The second is knowledge of the law. “Premium payable under the Act is low, though it is supposed to be compulsory. Payouts are ordered by the district collector. Many companies, especially the medium-sized ones, are quite ignorant about the law,” said S Mohan, managing director, Paavana Insurance Brokers, one of India’s largest in the sector.

The Vidhi Centre paper noted that of the 116 judgments of the National Green Tribunal delivered between 2014 and 2019, the role of the pool has been minimal. Only in 13 such cases had the tribunal explicitly asked the respondents to deposit the compensation amount of a cumulative Rs 90 lakh to the ERF. Matters have also been complicated because there is a similar sounding public liability insurance to cover a wider umbrella of risks like fiduciary responsibility and so on. Insurance companies actively market this policy because it has a higher premium, while successive governments have not helped matters by not goading high-risk industries to take out the insurance under the PLI Act. For the first time, almost 25 years after the PLI Act came into force, the environment ministry rapped the Central Pollution Control Board (CPCB) in September 2015. The Board was asked to issue directions to all the state-level pollution boards to ensure that no industrial unit could get the vital Consent to Establish (CTE) or the Consent to Operate (CTO) licences or have them renewed, till they took out the PLI Act insurance. Essentially the issue of an insurance policy was supposed to be “one of the check points”. Based on those reports, a Press Information Bureau release explained, “The CPCB will submit the first compliance report within 60 days and the quarterly progress report till next three years to the central government thereafter.”

The amendments floated on June 30 by the Ministry of Environment and Forests recognises the need for redrafting the Act to help create the right set of incentives for compliance and stiffer penalties for non-compliance. The amendments also propose a stronger mechanism for addressing grievances. For one, the amendment has raised the amount of insured value per company by 10 times to Rs 500 crore. Second, the penalties for non-compliance have been restructured. As Bhargava explained, "For violations, companies will now face exemplary penalties as compared to the earlier versions of the Act, but non-payment of penalty/additional penalty will attract criminal liability, thereby strengthening enforcement. Thus, the objective of the Act will be taken forward." Damage to the environment and public property has also been included as part of the amendments so that the restoration exercise is comprehensive, she added. Since the amendment has significantly raised the insurance value, non-life insurance companies may be incentivised to push such policies more actively. The question, of course, is how quickly citizens impacted by industrial operations get to receive their compensation. The Bhopal gas tragedy, where many victims are awaiting compensation decades later, points to the problems here.

(The writer is Subhomoy Bhattacharjee.)

TOP

Non-life insurers not keen on paying obligatory cession to GIC Re – Business Standard – 27th July 2022

There is growing clamour among non-life insurers that the business they cede to General Insurance Corporation (GIC Re) should be done away with completely as the commission paid by the state-owned reinsurer does not reflect the industry cost structure.

While no formal proposal has been drafted by the industry players through the general insurance council but discussions with the Insurance Regulatory and Development Authority (Irdai) has led to the formation of a task force to look into this aspect.

Under the chairmanship of Bhargav Dasgupta, MD and CEO, ICICI Lombard General Insurance, the task force will look into the issues to find solutions between non-life insurers and reinsurers. The committee is expected to give its report in three weeks' time. Obligatory cession refers to the part of business that Indian general insurance companies must mandatorily cede to national reinsurer, GIC Re. Ceding refers to the portion of risk that a primary insurer passes onto another insurer.

"There was a discussion on this, and a committee has been formed subsequently by the regulator to look into this aspect. This has been in discussion for a long time now. The obligatory cession was as high as 20 per cent and now it is at 4 per cent. So, stakeholders are saying it should be brought down to zero," said a CEO of a private sector general insurance company.

"There are a lot of players who want to retain the business as GIC Re gives small commissions. Health companies are very vocal about it because the cost of business is high and they get marginal commission from GIC Re," he added. The obligatory cession was reduced from 5 per cent to 4 per cent for FY23. The impact of the reduction on GIC Re would be around Rs 2,000 crore.

"There is no reason why it cannot go down further. There is no reason why insurance companies cannot themselves decide how much they want to cede. Ceding 4 or 5 per cent does anything in terms of risk mitigation for the insurance industry," said a senior executive at a private sector general insurer.

The insurance regulator has been reducing the obligatory cession over time. Earlier it was 20 per cent, which came down to 15 per cent, followed by 5 per cent and now to 4 per cent. Slowly, Irdai is making sure that the compulsory cession goes down and more re-insurers get into the market to develop India as a re-insurance hub.

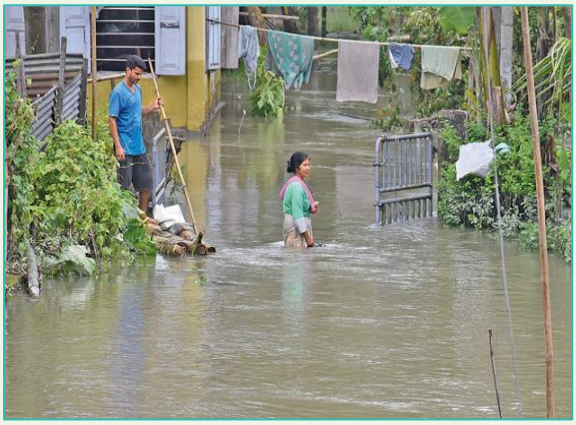
Rather than forcing people to do (business) based on obligation, it should be left to individual companies' appetite, said experts. In an interview with Business Standard, GIC Re Charmian Devesh Srivastava had said that the reinsurer's dominance would not be impacted even if the obligatory cession is brought down to zero.

"Of course, in the distant future, it will become zero. But that will not result in GIC Re's dominance going away. We have diversified and went global. Obligatory cession is a source of huge amounts of data, which we should be trapping and that is on the cards. As the market matures, obligatory cession will come down to zero per cent," he said.

(The writer is Subrata Panda.)

TOP

Assam flood reports hundreds of motor and health insurance claims - The Economic Times – 25th July 2022



Natural calamities like floods, cyclones, earthquakes, etc. are increasing at an unnatural frequency with devastating impacts which are uncontrollable and unavoidable.

The Assam floods have impacted over 8.9 million people, which is nearly one-third of the state's population.

As per Swiss SIGMA Natural Catastrophe Report, India witnessed 729 seasonal flooding which incurred an economic loss of $2.3 billion in 2021. Despite numerous natural calamities, segments like home insurance have a low penetration of around in India.

Natural calamities like floods, cyclones, earthquakes, etc. are increasing at an unnatural frequency with devastating impacts which are uncontrollable and unavoidable. The Assam floods have impacted over 8.9 million people, which is nearly one-third of the state's population. As per Swiss SIGMA Natural Catastrophe Report, India witnessed 729 seasonal flooding which incurred an economic loss of $2.3 billion in 2021. Despite numerous natural calamities, segments like home insurance have a low penetration of around 1 percent in India. As the water recedes, insurance claims are getting reported. During the Assam Floods that hit the country, Bajaj Allianz General Insurance saw close to 200 claims from which more than 60 percent are already settled and the remaining are in the process of being settled.

At ICICI Lombard GIC, the company has also received around 200 claim intimations. In the Property and Motor segments, the insurer has received around 70 claims and 120 claims, respectively. Sanjay Datta, Chief, Underwriting, Claims and Reinsurance, ICICI Lombard General Insurance said that the surveyors have surveyed the losses and the company's claim managers have also visited the loss sites. "Handling these catastrophic loss scenarios is now a well-honed process for us and our claims team is geared up to replicate the success of the past in such catastrophic claims servicing," he said.

Recognizing that the customers have experienced challenges and losses because of the floods and heavy rainfall, SBI General Insurance has been waiving the paperwork requirement wherever practicable.

"To avoid any delays in the claim settlement procedure, the Company has contacted and engaged a panel of surveyors. SBI General follows a process of 'Express Claims' settlement in case of commercial claims for losses of up to Rs. 10 lakhs for affected customers," Atul Deshpande is Head-Claims, Digital & Projects at SBI General Insurance highlighted.

Losses have been reported in the property segments along with other segments like motor where assets have been washed away, he said while adding that more claims might get reported as the water recedes and people who have been displaced go back to their locations.

"We have started settling claims since April and relief in the form of interim payments have also been considered in larger losses," he added.

Reliance General Insurance has also started receiving flood claims from Assam. The insurer has issued various property and health insurance products for enterprises like office, shop, industrial/manufacturing units to provide protective cover for its customers during such catastrophic times.

Rakesh Jain, CEO, RGI said, "Depending on the extent of losses, insurers set up a specialised team including a dedicated call-desk to expedite the claim process for flood victims. We as insurers have a major role to play. Since natural catastrophes have become quite frequent in a country like India, it is very important that people take proactive measures to protect their property through insurance," Japanese Encephalitis outbreak in Assam.

After floods, the people in Assam are now facing a Japanese encephalitis outbreak. According to the National Health Mission (NHM), Assam, 27 persons have lost their lives to the disease from July 1-16 this year. Altogether 169 cases were reported during the period.

Japanese encephalitis is a viral disease that affects the neurological system common in South-East Asia. The floods in Assam have seen a spike in the virulence of the disease in the region, explained **Sharad Mathur, MD & CEO, Universal Sompo General Insurance**.

"Universal Sompo General Insurance Company's existing health plan covers the treatment for the viral infection. All infectious diseases, including Japanese Encephalitis, are covered under basic Indemnity based health insurance policy. All the incurred costs, such as hospital room rent, medicines, medical tests, etc will be covered in basic policies. Affected people should include the test report for the virus in their patient file, which is to be submitted to the insurer, along with an invoice of hospitalization to get their claims processed," he added.

The issue of perennial flooding in the state of Assam affects the lives of the masses living there, obliterating property, crops, livestock, and critical infrastructure. Large number of people get displaced every year owing to this flooding, who then seek to rebuild their lives in extremely diffident circumstances.

India has witnessed major catastrophes in the recent past, such as cyclones in Odisha, Floods in Jammu and Kashmir, Uttarakhand and Chennai, which not only made a huge loss to the government and people at large but insurers also paid heavy claims. Insurance companies may not receive huge claims as the insurance penetration in Assam is very low. If insurers add speed to their claim disbursal, it will certainly be a big help for those policyholders who have gone through an unimaginable pain the last few months.

TOP

India's space sector startups seek clarity on financing, insurance in space policy - Business Today – 24th July 2022

India's space sector startups are looking forward to the new space policy for easier access to finance and clarity on issues related to liability in case of untoward incidents.

At least 100 startups are active in the country's space sector building satellites, launch vehicles and even designing in-orbit refuellers for satellites that would otherwise have to be abandoned for want of fuel.

"A new space policy addressing various domains of space activities is being worked out," Minister of State in the Prime Minister's Office Jitendra Singh told Parliament on Wednesday.

In June, privatisation initiatives in the space sector witnessed landmark events such as the launch of the first demand driven satellite ordered by Tata Play and Indian Space Research Organisation (ISRO)'s Polar Satellite Launch Vehicle (PSLV) carrying payloads of two Indian space sector startups. "Today, the market is very fragmented. We, at Dhruva Space, have three offerings in the space segment manufacturing satellites for customers, interface with the launch vehicle and products that can be deployed at customer locations for operation of satellites," Sanjay Nekkanti, Founder and Chief Executive Officer of Dhruva Space told PTI.

Dhruva Space tested its satellite orbital deployer onboard PSLV on June 30 and is gearing up to launch satellites Thybolt-1 and Thybolt-2 later this year to validate all systems before it offers satellites for its customers, he said. A study by the Centre for Development Studies and Indian Institute of Space Science and Technology had pegged India's space economy at five billion dollars for the 2020-21 fiscal.

"We have good investments by venture capitalists and seed investors. But the next phase of financing will have to come from the government or big players in the private sector," Lt Gen A K Bhatt (retd), Director General of Indian Space Association (ISpA) said. "Incentives such as soft loans, tax holiday, production-linked incentives will have to be offered for this nascent industry to grow," Bhatt said. "We expect a true level playing field with government space entities when policies are executed as policies generally tend to be more stringent for private players," said Pawan Kumar Chandana, CEO of Skyroot Aerospace, which is building its own 'Vikram' series rockets to make satellite launches affordable.

Manastu Space, which is building satellite propulsion systems, wants clarity in the space policy on ownership of assets in space and their utilisation. "What are the liabilities and penalties in case a mishap happens," Tushar Jadhav, CEO of Manastu Space, sought to know. His firm aims at building a fuel station for satellites in orbit. He also sought clarity on foreign direct investments in the space sector, using ISRO facilities for space activities and an effective regulatory framework on lines of the Telecom Regulatory Authority of India (TRAI) for the sector.

"The processes of Indian National Space Promotion and Authorisation Centre (INSPACe) processes should be transparent, trackable and time-bound," he said, referring to the nodal agency of the Department of Space for allowing space activities and use of its facilities by the non-government private enterprises. Jadhav also pitched for a level playing field for Indian companies in domestic as well as foreign markets. Otherwise, if doing business is easier in the US than in India, why will anyone set up business here," he asked.

Skyroot's Chandana also sought help from the government on insurance policies for space activities. "To give more thrust to our space programme, we need to target much more lenient insurance policies where the government can come forward and help out in a bigger way than what is done in other countries," he said. Jadhav pointed out that the European Space Agency has incubation programmes for startups and the National Aeronautics and Space Administration (NASA) has small business innovation research grants. "If ISRO can come up with something on these lines, it would be helpful," Jadhav said.

TOP

HEALTH INSURANCE

OPD Insurance: Add-on plan to cover consultation charges launched – Check coverage – Financial Express – 28th July 2022

The cost of hospitalization is increasing and the importance of health insurance plan is also rising. While health insurance plans provide coverage if there is a minimum 24-hour hospitalisation, many health covers also provide coverage for daycare treatments. However, OPD expenses are still not covered by most health insurance plans. If the health plan doesn't cover OPD expenses, they have to be met as out-of-pocket expenses by the policyholder.

For existing health insurance policyholders, now there's an option to cover OPD expenses. Aditya Birla Health Insurance has launched 'OPD Add-on' for policyholders to address their health and wellness needs. This product can be added to the existing indemnity plans to provide unlimited medical consultation at an affordable price. The OPD Add-on cover aims at solving customer problems by providing hassle-free physical and virtual consultation, which leads to a quicker treatment. It also offers a range of special consultations such as Gynaecology, Orthopaedic, Paediatric, Ophthalmologist, Physiotherapist and Nutritionist, referred or prescribed by a General Practitioner, in relation to any illness or injury.

Mayank Bathwal, Chief Executive Officer, Aditya Birla Health Insurance said, "New-Age Insurance is all about being proactive, taking preventive measures and being there for our customer. Hence, we came up with an OPD Add-on cover with both physical and tele-consultation which can be easily accessible for policyholders. This cover will help them consult doctors virtually as well, irrespective of their location. We are excited to launch this product with Policybazaar and provide a comprehensive Health and Wellness ecosystem to customers, to enable them to live a healthier life. This partnership with Policybazaar will help us reach out to their large customer base, through their platform." Sarbvir Singh, CEO, Policybazaar.com commented, "Health insurance with OPD coverage is an urgent need for the country as 60% of all healthcare expenses are OPD, and these are currently paid out of pocket. This product solves a large unmet need. We have always had customers coming and asking for OPD plans and this should really help address that market gap. This completely aligns with our vision of making financial security accessible to every Indian household when they truly need it."

Types of OPD Add-on Cover

- Option (1) Rs 599 per insured (excluding tax)
- Unlimited Physical Outpatient consultations by a General Medical Practitioner
- Option (2) Rs 799 per insured (excluding tax)
- Unlimited Physical & Virtual Outpatient consultations by a General Medical Practitioner
- Option (3) Rs 999 per insured (excluding tax)
- Unlimited Physical & Virtual Outpatient consultations by a General Medical Practitioner
- Physical specialist consultations (Gynaecology, Orthopaedic, Paediatrics, Ophthalmologist, Physiotherapist, Nutritionist) referred/prescribed by General Practitioner

There is no waiting period in OPD Add-on cover which avails the cover from Day 1 and covers over 32000 doctor networks in 70 plus cities. Selection of OPD Add-on will be applied at the policy level. Hence, all the insured will receive benefits on an individual basis by default. The minimum and maximum age at entry will be as per the base policy.

(The writer is Sunil Dhawan.)

TOP

Less than a third of policyholders have cover for parents under group insurance – Live Mint – 26th July 2022

About 30% of policyholders have cover for parents as part of their group health insurance policies, as per Plum, an employee health insurance platform. Most of these companies on Plum's platform are first-time insurance buyers, with average employee age 30 years and that of parents being 57.5 years.

The coronavirus pandemic fuelled the adoption of group health insurance policies, with cover for parents, among companies. These are either fully employer sponsored covers or voluntary parental covers wherein the decision to opt for parental covers rests with the employees. Plum has also witnessed

an increase in average sum insured in its policies from ₹3 Lakh to ₹5 Lakh per family over the past two years, as per the study. While these numbers indicate a strong sense of responsibility among relatively early-age startups and enterprises in safeguarding the health and well-being of their employees and families, this is only the beginning.

Data shows that most parents insured are at retirement age, which makes them dependent on working members for their wellbeing. For companies that do not insure their employees' parents, there could be a loss of peace of mind and productivity. India has the maximum out-of-pocket healthcare expenditure among G20 countries, which pushes nearly 60 million people into poverty every year (National Health Authority, 2020), which means one chronic disease can drain a family's lifetime savings.

Abhishek Poddar, co-founder and CEO, Plum, said, "…In a country where one out of five people has diabetes and a majority of elders have pre-existing conditions, group health insurance is the best option to extend comprehensive healthcare to the elderly. Availability of products is no longer a challenge but lack of awareness is. At Plum, we always counsel our clients to include parental covers and guide them on the best possible plan customized for each organization. We are seeing good results and are hopeful of having all our clients include parental covers."

Including parental covers in group health insurance comes with several advantages such as no age bar for parents, no pre-medical check-ups required, coverage is applicable from day one and it covers pre-existing diseases among others. Moreover, organisations can customize policies as per their requirements, as per the study.

Kriti Rastogi, Director of Placements at Plum, said, "…Besides the regular standard group health insurance plans, nowadays customers have a host of top-up plans which are affordable and easily accessible. Products such as voluntary parental covers allow corporates especially small business owners, to extend health insurance to the parents of employees without being burdened by a huge cost."

About 75 million people above the age of 60 in India suffer from some chronic disease, as per the world's largest study on the aged — the Longitudinal Aging Study in India (LASI). Health insurance penetration within this age group is among the lowest due to lack of awareness, accessibility and affordability.

Individual retail policies have their own restrictions for on-boarding senior citizens. Therefore, in order to facilitate medical security for parents it is extremely important to include them under group health covers. Plum works with over 1,500 organisations, where a significant portion are first time buyers of group health insurance.

TOP

National Parents' Day: Protect your parents with health insurance – Financial Express – 24th July 2022

Today, with the increasing age of our parents, it is our duty to show them how much we value all that they've done for us and further with all the chaos and unprecedented times prevailing across the globe for the past few years, one's first and foremost priority should be to do all one can to protect one's parents' health as well as their well-being. This can be done simply by buying health insurance for our parents to ensure that they don't need to face a financial crisis if there are any medical emergencies during the golden period of their lives.

So, let's explore a few of the pointers to help you make the right health insurance pick:
As people age, many elders may need to cope with some or the other health conditions and would need protection against any untoward hospitalization expenses on account of large number of diseases

including critical illnesses. Here's where a complete healthcare insurance plan becomes a necessity for parents, to cover all types of hospitalization expenses both inside and outside of the hospital and ensure that they don't need to face a financial crisis if there are any medical emergencies during their golden years.

Get Cashless OPD Cover for Better Coverage
Health issues don't have to escalate to hospitalization every time. Therefore, cashless OPD cover is especially beneficial to parents who might be prone to ailments that require over-the-counter medicines or get tests done quite frequently. These expenses add up to a lot, but go unnoticed by most health insurance plans. Thus, parents who require regular OPD consultations can benefit greatly from a health insurance plan which helps cover OPD expenditures on cashless basis through digitally-enabled App at just a click of a button. There are some plans available in the market that covers up to ₹50,000 OPD expenses per policy year, to cover for expenses such as dental, vision, physical doctor consultation fees, prescribed medicines, etc.

Coverages towards Consultation and Check-Ups for Better Care
Look for a comprehensive plan offering customized healthcare solutions to safeguard your parents from all types of healthcare expenses even beyond hospitalization. For instance, Annual Health Check-ups, Unlimited Tele-Consultations, Wellness Program etc to take the utmost care of your parent's health, not just in illness but in wellness too. Also, make sure the plan provides coverage for the broadest range of ailments with limited exclusions. The old-age may run a higher risk of contracting major ailments that are expensive to treat due to ever increasing medical inflation. Thus, one should get a health insurance plan with high Sum Insured to face any medical eventuality.

Network Hospitals
Make sure that your insurer has a broader hospital network, specializing in various range of treatments. This may be an important parameter which ensures that they have good hospitals nearby that provide a comprehensive list of treatments for various illnesses and that your parents need not travel far from home.

Key parameters to look for before buying
Some of the things that you may need to take into account while choosing a health insurance plan are insured amount, premium, cover and exclusions for any particular illnesses, co-payment options, ambulance cover, domiciliary treatment cover and cashless home care cover to enjoy access to quality healthcare, safeguard retirement corpus, and live a happier life.

Get It Right Now
Sometimes, the existing medical conditions may make the whole process of getting a health insurance cover a bit difficult for parents. That why it is advisable to buy a health insurance policy at a young age and especially when they are healthy to prepare for any unprecedented occurrences. Buying the plan early helps people in several ways, including reduced chance of claim-rejection. This is due to continuous coverage they would have exhausted the relevant waiting periods.

To conclude, quality healthcare would be a perfect gift for your parents that minimizes financial risk in case of medical emergencies. Choose a right health insurance plan for your parents, keeping in mind the factors discussed above and put worries about their health to rest.

TOP

Cancer, heart patients top Ayushman Bharat-PM-JAY health insurance scheme – The New Indian Express – 24th July 2022

Chemotherapy, neonatal procedures, minimal invasive surgeries to open blocked coronary arteries or (PTCA), heart failure and surgeries to remove kidney stones are the top five procedures availed in the last year by the beneficiaries of the Ayushman Bharat-PM-JAY health insurance scheme.

People have availed benefits under AB PM-JAY for treatment of various diseases, particularly the ailments which constitute the highest disease burden and economic hardship due to incurring healthcare

expenditures," R S Sharma, the National Health Authority (NHA) Chief Executive Officer, said. The scheme, billed as the world's largest government-funded public health insurance scheme, seeks to provide 50 crore beneficiaries with a health cover of Rs. 5 lakh per family per year for secondary and tertiary care hospitalisation in both private and government hospitals.

As Cancer deaths and cases are increasing rapidly in India, the top draw for the common people availing of the cashless and paperless insurance scheme is chemotherapy. Nearly 7 lakh chemotherapy procedures have been conducted at tertiary care centres under the ambitious flagship government programme.

Top Tertiary care packages under AB PM-JAY (2021-22)

SL No.	Procedure	No of preauth	Preauth amount
1	Chemotherapy procedures	696579	16799400000
2	Neonatal care procedures	178255	1363462000
3	PTCA	113833	7825600000
4	Congestive heart failure (medical management)	41784	540000000
5	PCNL (Percutaneous Nephrolithotomy)	35264	1223606900

The second most sought-after procedure in neonatal care procedures. Around 1.7 lakh have been done. PTCA surgeries, which help in improving blood flow to the heart muscle without open-heart surgery, have been the third highest medical procedure done at the various tertiary healthcare centres that have been authorised under the scheme.

The fourth procedure that is availed by the beneficiaries is congestive heart failure or heart failure procedures, which can sometimes be life-threatening if proper and immediate medical treatment is not provided in time.

PM-JAY health benefits

Chemotherapy, neonatal procedures, minimal invasive surgeries to open blocked coronary arteries or (PTCA), heart failure and surgeries to remove kidney stones are the top five procedures availed in the last year by the beneficiaries of the Ayushman Bharat-PM-JAY health insurance scheme.

(The writer is Kavita Bajeli Datt.)

TOP

The rise of preventive insurance purchases in India – The Economic Times – 23rd July 2022

Lifestyle-related health issues are at their all-time high leading to the early onset of health issues. This, coupled with today's inflated medical prices, makes well-designed, comprehensive health insurance an essential in today's time. The world saw a new wave of disease with the emergence of COVID-19, and it is hence safe to say that the future will see more such illnesses. Adding to this, energy transition, urbanisation, and climate change have bought massive changes in the human health condition.

What is Preventive Health Insurance?

As opposed to health insurance that provides financial aid in the event of hospitalisation or treating an illness, preventive health insurance covers the costs of any care received towards preventing the onset of an ailment. While regular general health check-up was standard only for the elderly, the fast-paced way of life is leading to the emergence of health conditions in the late 30s or early 40s among many, leading to the rise in the need for preventive health measures. Some of the most commonly covered preventive health insurance packages include annual check-ups, immunisations, flu shots, fertility tests, screenings, etc.

And while visiting the doctor only when sick is common practice, illnesses are often easier to treat when caught at early stages. Regular health check-ups could help identify markers of ailments early on. However, when the insurance does not cover these check-ups, policyholders often refrain from taking these visits. Here are just some of the benefits preventive health insurance could give you:

Since the plan covers a variety of day-to-day medical tests and procedures that do not require hospitalisation, it is ideal for those with pre-existing medical conditions that require constant medical attention.

All preventive health insurance covers often include pathology, radiology, and diagnostic lab services. Covers health check-ups and doctor consultations all year round.

Policyholders also earn tax exemption with tax waivers of up to Rs. 5000 on preventive health check-ups under section 80D.

In the most trying times, health comes of utmost importance and serves as one true asset and taking preventive and reactive measures to maintain prime health condition is imperative. Hence, 360-degree health insurance protection is gaining popularity as opposed to the one-size-fits- all insurance policies.

The fast-paced lifestyle of today brings about health conditions that were uncommon a decade ago. This change makes today's customers demand customised, personalised, and disease-specific policies that were never the norm earlier. Some of the most common hyper-personalised insurances are for COVID-19, Mental health issues, Maternity care packages, Cervical/vaginal/ ovarian cancer, Cardiac issues, Diabetes packages and Seasonal illnesses such as dengue, malaria, etc. Segregating users and providing insurance packages covering all their ailments from finding to treating is more vital now than ever.

Lack of awareness and access to preemptive healthcare facilities are the main reasons preventive health care is not prominent in India. As several major health care and insurance agencies invest in preventive health care is not prominent in India. As several major health care and insurance agencies invest in preventive health care, the masses will gain access to affordable preventive health insurance.

Many workplaces have also begun considering preventive health insurance as part of their employee health care plan since the rise in the prevalence of chronic and non-communicable diseases. As customer demands and expectations continue to change, insurers are changing ways to adapt their business models to meet new needs and provide relevant products and services. Hence, the insurers are now moving to the approach of Innovate or perish. During the pandemic, the changing consumer behaviour spurred companies to reimagine and build new product strategies to offer relevant preventive insurance products that sustain customer interest, raising the need for preventive insurance.

(The writer is Sylvester Carvalho.)

TOP

More companies giving parents health insurance. Avg sum insured in group covers hiked to Rs 5 lakh per family – The Economic Times – 23rd July 2022

About 75 million people above the age of 60 in India suffer from some chronic disease, according to the Longitudinal Aging Study. Yet, health insurance penetration within this age group is amongst the lowest due to lack of awareness, accessibility and affordability. Fortunately, this scenario has begun to change in recent years as companies are now increasingly providing Group Health Insurance (GHI) policies to their employees, which lets them include parents in the health cover.

According to Plum, an employee health insurance platform, 30 percent of its corporate clients have parental covers as part of their GHI policies. Most of these companies are first-time insurance buyers

with an average employee strength of less than 100. The average age of employees in these businesses is 30 years while that of the parents is 57.5 years. These numbers indicate that enterprises now have a strong sense of responsibility in safeguarding the health and wellbeing of their employees and their families. Data shows that most parents around retirement age are usually dependent on their children for their medical welfare. If an employee is worried about the health of their parent, it could lead to a loss of peace of mind and performance, which, in turn, would affect the company's productivity.

"Our parents have played an instrumental role in shaping our future and therefore, it is our moral responsibility to provide them with medical security at a time they need it most. In a country where one out of five people have diabetes and a majority of elders have pre-existing conditions, group health insurance is the best option to extend comprehensive healthcare to the elderly," says Abhishek Poddar, Co-founder and CEO, Plum.

The pandemic has also acted as a major catalyst to fuel the rise of GHI adoption with parental covers. These policies are either fully sponsored by the employer or voluntary where the employees can decide to opt for parental coverage. Plum says that during the past two years, it has also witnessed an increase in average sum insured in its policies from Rs 3 lakh to Rs 5 lakh per family.

Including parental covers in group health insurance comes with several advantages such as no age bar for parents, no pre-medical check-ups required, coverage is applicable from day one and it covers pre-existing diseases among others. Moreover, organisations can customize their policies as per their requirements.

(The writer is Namrata Dadwal.)

TOP

Going abroad? This plan allows you to switch off your health insurance policy and save on premium – Financial Express – 23rd July 2022

While travelling abroad not all health insurance covers the hospitalization cost incurred overseas. The medical expenses in foreign countries get covered only if the health insurance policy explicitly mentions them in the policy document. There is overseas medical insurance as well. However, regular health insurance policies will not cover medical expenses abroad.

So, if you are travelling abroad and expect the stay to be over 30 days, you might as well want to 'switch-off' your health insurance policy and save on premium too. With ManipalCigna Health Insurance's new plan, this is possible now. The insurer has introduced a 'Switch On – Switch Off' benefit in a new plan.

The power to 'Switch Off' benefit comes with Advantage and Protect variants of ManipalCigna ProHealth Prime plan that allows policyholders to switch off their health insurance from 2nd year onwards, for up to 30 days while travelling abroad and get a discount on renewal premium.

Prasun Sikdar, Managing Director and CEO, ManipalCigna Health Insurance Company says, "With medical costs increasing, customers are demanding more value out of their health insurance plans. By putting innovation at the core and keeping our principles in mind, we have now introduced the revolutionary Switch Off benefit option under our ManipalCigna ProHealth Prime plan, in order to help people save the premium amount for a maximum period of one month at a stretch in a policy year. The Switch Off benefit is great for people who travel abroad very often, as it could save them money on the premium by opting for this revolutionary benefit."

If a policyholder holding medical insurance which does not cover overseas hospital expenses wants to travel abroad for a longer duration, he or she can simply switch off their cover and save money on the next premium.

The Switch Off facility will be available if all the insureds are travelling outside the country in case of the Floater policy or any one or more members travelling outside India in case of the Multi-individual policy.

The premium discount shall be calculated on the prorate basis and will be adjusted in the renewal premium falling on the immediate policy anniversary.

(The writer is Sunil Dhawan.)

TOP

MOTOR INSURANCE

Is there any time limit for filing motor insurance claims? –Live Mint – 28th July 2022

Is there any time limit for individuals to claim insurance for any damage to their vehicles due to an accident? Well, current rules under the motor vehicles act do not have a specific time limit for filing such 'Own Damage' claims. Besides, people can register a claim even months after an accident if they have an active motor insurance policy. However, in such a case, they have to provide a valid reason for filing a late claim.

To be sure, some insurers follow a standard practice of providing a maximum of seven days from the date of the accident for the insured to file the claim. While the time limit can vary depending on the insurer and for different types of claims, an insurer cannot reject the claim outright if there is a delay in filing it.

H.O. Suri, managing director and CEO, IFFCO Tokio General Insurance, said, "Our motor policy spells no time limit. However, the insured should report the accident within seven days of the accident. Some insurers have a window of 48 to 72 hours from the time of the accident to file a claim."

Insurers typically follow such timelines to maintain viability in their underwriting process and their claims track record. And the insured are asked to inform about the accident within a reasonable period. If they can't justify the reason for the delay, insurers can reject the claim.

Indraneel Chatterjee, co-founder, RenewBuy, explains, "Let's take the hypothetical example of Owner A who left his car in a parking lot to attend to some work. On returning, he finds the car's door has a big dent, apparently caused by the driver of a car who parked the vehicle adjacent to it. Owner A takes pictures of the damaged door and even manages to obtain CCTV footage of the entire incident. The pictures and footage are strong supporting evidence for claim settlement for Owner A, who is now liable to get fair compensation. However, Owner A reports the damages to the insurance company only after a few months. The insurer can now reject the claim because of the delay involved. This was not an accident wherein the policyholder was hospitalized for months and could not file the claim. So, the onus is on Owner A to justify the reason for not being able to file the claim immediately. Thus, the insured can have all documents and evidence in place but still lose the claim settlement due to such delays."

Mint Take

When buying or renewing a motor insurance policy, you should read its terms and conditions carefully. In case of any untoward incidents, you should quickly contact the customer care division of the insurer and provide details of the situation. Thereafter, it is necessary to keep all documents and evidence handy before making a claim. Also, keep your nominee informed about the details of your insurance policy. This will help in case of the demise of the insured in an accident.

(The writer is Navneet Dubey.)

TOP

Motor insurance: The dangers of driving a car with a lapsed policy – Financial Express – 25th July 2022

If you own a vehicle, it is mandatory to have a third-part insurance cover under the Motor Vehicles Act. Driving an uninsured vehicle will entail a fine of `2,000 for the first offence or imprisonment of up to three months. The amount of the fine doubles for every repeat offence. In addition to this legal aspect, there are many other factors that makes it vital for your vehicle to be insured.

In case of an accident, the insurer will not settle any claim in case of a lapsed policy either for own-damage or an injury to a third-party, where the liability can be unlimited. It will not pay any personal accident cover for hospital bills. Damage to the vehicle because of natural calamities like a storm or earthquake will not be covered either. Even transfer of car registration or termination of hypothecation from registration certificate after car loan closure cannot be done in case of a lapsed motor insurance policy.

Renewing a lapsed policy

It is crucial to renew your car insurance policy before the due date. Do not ignore the renewal reminders sent by the insurance companies one month in advance via SMS or mail. Renew the policy online via net banking or debit/credit card or by dropping a cheque at the branch office of the insurer.

Ideally, those who have purchased their vehicles after 2018 should opt for a long-term policy (three years for cars and five years for two-wheelers) which will save the hassle of renewing it every year. Also, go for a comprehensive policy with add-on to reduce the financial burden in case of an accident.

Inspection of the car

In case your motor insurance has lapsed, it will take a longer time to renew the policy as the insurance firm will do an inspection of the car. This process could be time-consuming and you will have to pay the inspection charges. Keep all the documents ready for the inspection including past claims, if any. In case of minor damages/dents, the insurer will reduce the Insured Declared Value after the inspection and set the premium accordingly. The vehicle survey certificate is valid for not more than 24 hours, so make sure you submit all the documents on time.

Rakesh Goyal, director, Probus Insurance, says, “Renewing your motor policy on time helps you to avoid the hassles of paying higher premiums which are otherwise charged if your policy gets lapsed.”

Loss of no claim bonus

A break in the policy would mean that the insured will lose no claim bonus (NCB) accumulated for not having raised any claims during the policy year. This bonus can be availed while you renew your policy on time. The NCB discount is 15-20% for the first claim-free year, and increases up to 50%.

(The writer is Saikat Neogi)

TOP

How you drive to decide your premium – The Tribune – 22nd July 2022

Now, one can pay motor insurance premium on ‘as you drive, how you drive’ mechanism. Two insurers — Go Digit General Insurance and Bajaj Allianz General Insurance — have launched new products and many more will follow suit. The development comes after the Insurance Regulatory and Development Authority of India (IRDAI) allowed insurers to introduce such tech-enabled concepts in motor Own Damage (OD) policies.

Go Digit has launched 'Pay as you Drive' (PAYD) add-on feature for motor insurance OD policies. "Customers who drive less will now pay less with this add-on. The discount will apply to anyone driving less than 10,000 km a year on an average from the time vehicle was purchased. The company will use odometer reading, telematics data and annual kilometre opted to give the discount, which can go up to 25%," it said.

Similarly, Bajaj Allianz General Insurance has launched an add-on 'Pay As You Consume' (PAYC), which can be opted by the customer along with the basic OD plan under package product, bundled and standalone OD cover. Customers can choose coverage based on their vehicle usage. They can also avail of additional benefit in premium for their safe driving. Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance, said, "PAYC gives customers the flexibility to choose their insurance premium based on how they want to use their vehicle. This feature extends benefits to customers depending on their driving behaviour using telematics." On the new tech-based add-on cover, Indraneel Chatterjee, co-founder, RenewBuy, said, "It is a win-win situation for both insurers and consumers."

(The writer is Vijay C Roy.)

TOP

SURVEY & REPORTS

30% clients cover parent insurance in group policies: Plum report – The Economic Times – 22nd July 2022

Plum, an employee health insurance platform, says that 30 percent of its clients have parental covers as part of their Group Health Insurance (GHI) policies. These are either fully employer sponsored or volunteered for by employees. The pandemic has catalyzed the rise in their uptake. Most of the client companies are first-time insurance buyers. Their average employee strength is less than 100. The average age of employees is 30 years with parents being 57.5 years. Plum has also witnessed an increase in average sum insured in its policies from Rs. 3 Lakh to Rs. 5 Lakh per family over the last two years. According to National Health Authority 2020, India has the maximum out-of-pocket healthcare expenditure among G20 countries.

TOP

PENSION

Public Provident Fund deposits jump 134% in 9 years: 5 features that make PPF attractive – Financial Express – 27th July 2022

Net deposits under Public Provident Fund (PPF) scheme jumped around 134% between 2013-14 and 2021-22, according to Government data. The total net deposit under this popular small savings scheme in post offices in 2013-14 was Rs 5487.43 crores. It increased to Rs 12,846 crores by 2021-22.

Small savings schemes provide attractive interest rates to depositors. The interest rates on these schemes are revised every quarter. For the last few quarters, small savings scheme rates have remained unchanged.

"Interest rate on small saving schemes are periodically reviewed by the Government based on well laid principles and accordingly, the interest rates are fixed," Union Minister of State for Finance Pankaj Chaudhary said in a written reply to a query in the Lok Sabha on Monday (25th July).

Year	Gross Deposit (in crores)	Net Deposit (in crores)
2013-14	8,135.00	5,487.43
2014-15	9,756.84	6,139.91
2015-16	9,622.48	4,855.95
2016-17	10,393.23	5,758.40
2017-18	10,486.84	6,007.00
2018-19	13,566.48	8,539.75
2019-20	18,881.62	13,012.98
2020-21	20,455.76	13,689.99
2021-22	21,302.81	12,846.03

Source: Department of Posts data shared by Union Minister of State for Finance Pankaj Chaudhary in Lok Sabha on 25-07-2022

5 features that make PPF attractive

PPF is one of the most popular investments and tax-saving schemes for depositors. It offers multiple benefits.

High-Interest Rate: PPF interest rate has been generally higher than bank Fixed Deposits. Currently, the interest on PPF deposits is 7.1%, which is compounded annually. The benefit of compounding enables depositors to accumulate a large corpus over the years.

Tax Benefits: Deposits under PPF scheme qualify for tax deduction under Section 80C. One can make a maximum deposit of Rs 1.5 lakh in a year in a PPF account. The interest earned on PPF deposits over the years and the amount received on maturity is also tax-free.

Loan Benefit: PPF account holders can take loans against their deposits after the expiry of one year from the end of the financial year in which the initial subscription was made. For example, if you open a PPF account in FY 2022-23, you can take a loan against your deposits in FY 2024-25.

Sovereign guarantee: There is a sovereign guarantee on PPF deposits. This means, that even if a bank or a post office in which you have opened a PPF account fails, your money will remain safe as it is guaranteed by the government itself.

Freedom from attachment: An order or a decree of a court cannot attach a PPF account in case of any debt or liability incurred by an individual. PPF account is always protected and the account balance cannot be attached by the court order.

(The writer is Rajeev Kumar.)

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IRDAI CIRCULARS

Topic	***Reference***
List of valid Insurance Brokers as on 28th July 2022	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4767&flag=1
List of valid Web Aggregators as on 25.07.2022	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4766&flag=1

TOP

GLOBAL NEWS

Cambodia: Govt to make motor insurance compulsory - Asia Insurance Review

The government plans to introduce compulsory insurance for private vehicles to make sure that health and property costs for victims of road crashes are protected, according to Ministry of Economy and Finance secretary of state Ros Seilava. This would make Cambodia the last country in ASEAN to have such a policy.

Speaking at an event in the capital marking Cambodia's Insurance Day, on July 25, Seilava said compulsory insurance would be important in "strengthening and expanding the social safety net system" in tandem with the government's social protections.

Forte Insurance group CEO Youk Chamroeunrith welcomed the move, telling The Post on July 25 that "almost 95 per cent of countries around the world" have such a policy for private vehicles. He said the insurance sector was "ready" for the move, although it would "need to expand to get closer to the customers", and added that the policy would not only be indispensable for vehicle owners, but also "in the interest of the public".

Seilava lauded the insurance industry and its contributions to economic growth, noting that the sector has grown substantially, even during the Covid-19 crisis. He said the insurance sector has built financial resilience in the Kingdom to both natural and non-natural hazards, especially those tied to Covid-19 or climate change, which have become among the most pressing issues regionally and globally.

During the worst of the pandemic, the industry used Covid-19 insurance products as a means of managing and facilitating travel to the Kingdom, he added. Speaking at the event, Insurance Regulator of Cambodia (IRC) director-general Bou Chanphirou shared a range of statistics covering the insurance industry.

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He said 94 insurance institutions currently operate in Cambodia, including 18 general insurers, 14 life insurers, seven micro-insurers, one reinsurer, 18 insurance brokers, 34 corporate agents, and two loss adjusters.

The Cambodian insurance sector's gross written premiums (GWP) for 2021 amounted to $297.6 million, up by just 9.6 per cent from a year earlier, compared to an average annual growth rate of over 23.5 per cent over 2016-2021, according to the Insurance Association of Cambodia (IAC).

For reference, national GWP surged by 35.6 per cent year-on-year to reach $113.6 million in 2016, then rose to $151.6 million in 2017, $196.4 million in 2018 and $253 million in 2019, before slowing to grow by just 7.31 per cent to $271.5 million in 2020, IAC figures show.

Chanphirou added that in 2021, there were "more than one million" active insurance policies valued at around $204 billion in benefits, while gross claims paid over the year amounted to about $45 million.

The Cambodian insurance market now has total assets of about $948 million, including $428 million in shareholders' funds, and has created nearly 4,000 full-time and 10,000 part-time jobs.

"Based on the insurance penetration rate of about 1.11 per cent and insurance density of around $18.75 per person in 2021, it clearly shows that the growth of the Cambodian insurance sector is still relatively low compared to the region and the world, which indicates that Cambodia's insurance market still has more room to grow," he added.

TOP

Cambodia: Insurance market grows by 20% per year on average in last 5 years - Asia Insurance Review

Cambodia's insurance industry has seen an average annual growth of 20% in the last five years, a senior regulatory official has revealed. Speaking at an event marking "Insurance Day 2022", Mr Bou Chanphirou, director-general of the Insurance Regulator of Cambodia, said, "In particular, the insurance market has remarkably maintained its positive growth of 8% in 2020 and about 10% in 2021 despite the COVID-19 pandemic."

The country currently has 18 general insurers, 14 life insurers, seven microinsurance companies and one reinsurer, as well as 18 insurance brokers, 34 corporate agents and two loss adjusting firms, according to a report by the Xinhua News Agency citing Mr Chanphirou.

He said, "Along with the increase in the number of insurance companies, the size of the insurance market was also growing rapidly, with gross premium increasing to approximately $300m in 2021, and the average growth rate for the last five years was about 20%." The sector has also created nearly 4,000 full-time and 10,000 part-time jobs, Mr Chanphirou added.

TOP

China: Insurance innovation encouraged for science & tech sector - Asia Insurance Review

A blueprint has been unveiled for Lingang Special Area in Shanghai to promote insurance innovation for the science and technology sector in Lingang Special Area of China (Shanghai) Pilot Free Trade Zone and support high-level reform and opening-up in the Pudong New Area.

The plan, issued jointly by the CBIRC and the Shanghai government, aims at two-way empowerment of the insurance and sci-tech sectors and better implementation of local and national major strategies, according to the news site, Shine.

Support will be targeted at key industries such as civil aviation, high-end equipment manufacturing, integrated circuits, artificial intelligence and smart new-energy vehicles. Comprehensive protection will also be offered to green, low-carbon and high-quality development and new infrastructure areas like network security.

For example, in order to support insurance innovation for the integrated circuits (IC) industry, Lingang Special Area Management Committee, the CBIRC Shanghai Bureau, as well as several insurance companies have signed a tripartite cooperation agreement to provide financial support for an IC innovation lab and related enterprises.

TOP

Pakistan: Regulator declares right-of-use assets as admissible assets for insurers' solvency purposes - Asia Insurance Review

The Securities and Exchange Commission of Pakistan (SECP) has notified amendments to the Insurance Rules, 2017 devising admissibility requirements of right-of-use assets.

Under International Financial Reporting Standard 16 (IFRS 16 - Leases), insurers are required to recognise a right-of-use liability (ROU liability) and a corresponding right-of-use asset (ROU asset) in their financial statements and regulatory returns.

Before this notification, the rules were silent on the treatment ROU Assets for solvency purposes. The amendments help insurance companies to comply with the requirements of IFRS 16 without any negative impact on their solvency.

Through the amendments, insurance companies have been allowed to take ROU assets as 'admissible' to the extent of the corresponding ROU liability. The only exception to the rule is that ROU assets recorded against vehicles, office equipment and intangible assets, are not to be considered admissible assets.

TOP

Australia: Mortgage insurance sector assessed to be of low risk - Asia Insurance Review

S&P Global Ratings (S&P) has assessed the industry and country risk of Australia's mortgage insurance sector as low, the second-lowest assessment on a six-point scale. This assessment derives from S&P's view of the sector's moderately low industry risk and Australia's very low country risk, says the global credit rating agency in its report titled "Insurance Industry And Country Risk Assessment: Australia Mortgage".

Country risk

Mr Julian Nikakis, an S&P insurance analyst, said, "We assess the country risk for Australia (foreign currency ratings AAA/Stable/A-1+) as very low, based on our view that it has very low economic and institutional risks, intermediate financial system risk, and a very strong payment culture and rule of law. In our opinion, Australia continues to provide a stable environment for its mortgage insurers, benefiting from the nation's strong institutional settings, wealthy economy, and monetary policy flexibility.

"In our view, these factors moderate the risk of significant and sustained economic downturns and provide supportive operating conditions for the insurance industry. While economic and geopolitical risks continue to cause uncertainty globally, we consider Australia to be in a strong economic position that remains supportive for mortgage insurers."

Industry risk

Mr Nikakis also said, "We assess the industry risk for Australia's mortgage insurance (MI) sector as moderately low. We view the sector's profitability as satisfactory and consider product related risks, relatively high barriers to entry, and the strong institutional framework as factors that support our assessment. The sector's market growth prospects are not supportive of industry profitability, in our opinion.

Profitability

"The profitability of the MI sector rebounded strongly in 2021 after the prior year's earnings were hit by the COVID-19 pandemic and resultant economic downturn. Strong earned premium and very low levels of claims contributed to a return on equity of 13.2% in 2021 and a net combined ratio of -5%. "The result benefited from reserve releases following better than expected performance throughout COVID-19; however, investment market volatility and unrealised losses were a drag on earnings. Mr Nikakis said, "We expect mortgage insurers' profitability to be satisfactory over the next two to three years, and likely in the range of 8%-12%. A very low unemployment rate and significant house price appreciation over the past two years should support lower claims. "However, investment market volatility will likely continue to dampen bottom-line earnings. While interest rate increases and moderate house price declines present some risks to earnings, we consider the likelihood of outsized losses to be low and expect the sector's profitability to remain sound over the medium term."

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