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QUOTE OF THE WEEK

"You are never too old to set another goal or to dream a new dream."

Les Brown

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INSURANCE TERM FOR THE WEEK

Managed Care

Managed care is a type of health insurance in which covered care is restricted to certain fees for services. This type insurance often comes in the form of a Health Maintenance Organization (HMO) or Preferred Provider Organization (PPO).

Managed care is essentially a way for health insurance companies to keep their provider networks organized. Providers who want to become part of a certain PPO or HMO network must have appropriate credentials, training, education, and so forth. It is common for health insurers to recommend their policyholders see doctors or other health professions within their networks.

INSURANCE INDUSTRY

5 insurtech trends that are impacting employee health benefits - Financial Express – 2nd August 2021

No industry has been able to escape the transformation that technology has brought in. From manufacturing companies to banking institutions, every sector is leveraging the benefits of technology to expedite the delivery of their services, reduce costs and errors, and most importantly, manual efforts. And the insurance industry is no exception to such developments. India is the second-largest insurtech market in Asia-Pacific, accounting for 35 per cent of the US$ 3.66 billion insurtech-focused venture investments made in the country, according to S&P Global Market Intelligence data.

Given the complexities in the traditional methods of buying insurance plans, organisations are coming forward with embedded finance services to bridge the gap between the consumer and financial services. Technological advancements, evolving customer needs, and competition in financial services are all driving a new wave of digital financial services.

The market share of private sector companies in the general and health insurance market has seen a significant increase from 47.97 per cent in FY19 to 48.03 per cent. In the life insurance segment, private companies had a market share of 33.78 per cent in premium underwritten services in FY20.

As more and more people are in search of integrated digital experiences it has become imperative for insurance service providers to embrace the digital disruption. Insurance companies need to keep pace with the changing customer expectations. The problem with the traditional insurance buying processes is that they are monotonous and lengthy. This is not something that people find attractive. This is the primary reason why numerous insurance companies are joining hands with tech companies. This collaboration makes it easy to approach customers looking for a smooth hassle-free buying journey.

The insurtech industry is rapidly evolving and below is some of the top insurtech trends that are going to impact employee health benefits:

Increased focus on user experience

The concept of insurance is not ubiquitous. And even if people know the nitty-gritty of buying insurance they skip it because of lack of a proper system. If we talk about traditional ways of buying insurance, then customers usually have to deal with excessive paperwork, long waiting hours, and no support from the insurer. But today, insurers are focusing more on a customer-centric approach. They are turning into coaches to offer online consultation regarding the enrolment and claim procedures. Customers want simplicity and clarity, this is exactly what insurtech is offering them.

Personalisation and data

Have you ever noticed that as soon as you search for something on the internet, you start seeing that thing on every platform you use as an ad? How does that happen, how does the system know what to present before you? The answer is simple- through data. Data is powerful and insurance companies are using this power wisely. Insurance companies can deliver personalised advice, and products or services tailored to their specific needs by using data garnered from advanced analytics and social media platforms. The data from users can be used to reach out to the customers at the right time through the right channels, thus ultimately delivering the right product to the customers.

Digitisation

As per a report, automation can reduce the cost of a claims journey by as much as 30%, which is fantastic. Using outdated methods or tools can no longer serve the needs of the rapidly changing customer expectations. Therefore, it is imperative for insurance companies to adopt digital strategies. Without digitisation, providing customers with a seamless user experience seems clearly impossible. Digitisation allows insurance companies to reach out to customers in a way never seen before. The use of tools such as websites, apps, social media, chatbots, emails, etc. makes the communication between the customers and the companies much smoother.

Artificial Intelligence (AI)

AI and machine learning make insurance processes more efficient. By adopting artificial intelligence insurance companies can identify emerging risks and can easily prevent fraudulent activities and money laundering. AI can significantly speed up functions like data collection, loss assessment, and cost estimation, etc. When it comes to claims management, damage analysis through image recognition, automated self-service guidance, and others, AI is a big help. This enables insurance companies to offer a hassle-free experience to their customers.

Insurance on the go

In this digital age, mobile applications are a must-have for customers. This is because mobile apps offer exceptional user experience, speed, additional features, and easy accessibility to services. Millennials love in-app shopping: 58 per cent of millennials say that they prefer purchasing through apps. Besides making the purchasing process much easier, mobile apps also act as a great point of contact between customers and insurers for any transaction.

So these were some of the trends that are going to transform the way insurtech operates. While insurance companies are sparing no efforts to make buying insurance speedy and hassle-free, many fintech companies are trying to allure the customers by automating financial services and processes. However, it has been seen that these companies are not offering the comfort or ease that embedded finance solutions can offer. This prompts us to say embedded finance is a much more viable option as it allows insurance companies to easily approach customers. On the other hand, customers are more likely to buy from a trusted platform or partner than from a completely foreign entity.

(The writer is Ajay Kadyan.)

TOP

Govt introduces Deposit Insurance and Credit Guarantee Corporation (Amendment) Bill in Rajya Sabha - Financial Express - 31st July 2021

The government on Friday introduced the Deposit Insurance and Credit Guarantee Corporation (Amendment) Bill in the Rajya Sabha, which aims to provide timely support to depositors of stressed banks. Minister of State for Finance Bhagwat Karad introduced the Bill, which seeks to provide immediate relief to thousands of depositors who have their money parked in stressed lenders.

The Bill has proposed that even if a bank is temporarily unable to fulfil its obligations due to restrictions such as moratorium, depositors can access their deposits to the extent of the deposit insurance cover through interim payments by the Deposit Insurance and Credit Guarantee Corporation (DICGC). For this, the Bill seeks to insert a new Section in the DICGC Act, 1961.

It also seeks to amend Section 15 of the DICGC Act to enable the Corporation to increase the ceiling on the amount of premium, with the prior approval of the Reserve Bank of India (RBI). Besides, it will also provide that the DICGC may defer or vary the receipt of repayments due to it from the insured bank and to empower the Corporation to charge penal interest in case of delay in repayment by the banks to the Corporation.

Though the RBI and the central government keep monitoring the health of all banks, there have been numerous recent cases of banks, especially cooperative banks, being unable to fulfil their obligations towards depositors due to the imposition of moratorium by the RBI. Earlier this week, the Union Cabinet cleared amendments to the DICGC Act. Last year, the government had increased insurance cover on deposits by five times to Rs 5 lakh.

TOP

Centre moves bill to amend general insurance law in LS - Live Mint – 31st July 2021

The government introduced two key bills in the Lok Sabha on Friday, one aimed at divestment of the insurance sector and the other to fight pollution in the national capital region, amid protests by opposition members on various issues.

Finance minister Nirmala Sitharaman tabled the General Insurance Business (Nationalization) Amendment Bill, 2021. The government also tabled The Commission for Air Quality Management in National Capital Region and Adjoining Areas Bill, 2021, following which the Speaker adjourned the Lok Sabha for the day due to the pandemonium.

The insurance-sector bill is widely seen as a move to privatize state-run insurance companies, following the finance minister's Union Budget 2021-22 announcement.

While presenting the budget, the finance minister had said: "We propose to take up the privatization of two public sector banks and one general insurance company in the year FY22. This would require legislative amendments, and I propose to introduce the amendments in this session (budget) itself."

The bill, however, was not introduced in the budget session held in February.

The amendments to the parent Act, the General Insurance Business (Nationalization) Act, 1972, were approved by the Modi cabinet on Wednesday. The insurance amendment bill is part of a larger divestment programme of the government, which plans to sell stakes in five state-run corporations and speed up its privatization agenda to draw in foreign investment in a covid-hit economy.

The government hopes to achieve its planned divestment target of ₹1.75 trillion for FY22 despite hurdles posed by the coronavirus pandemic.

A panel headed by the finance minister had cleared disinvestment and stake reduction of the country's largest insurer Life Insurance Corporation Ltd, the first step toward the finalization of the bill. The government also cleared listing of the insurer on equity markets and initial public offerings (IPO).

The second bill, the Commission for Air Quality Management in National Capital Region and Adjoining Areas Bill, 2021, if passed, will see the creation of a statutory panel to monitor and mitigate pollution in greater Delhi for the first time.

Farm unions have opposed an earlier ordinance to install a commission to penalize polluters. "The government should offer a subsidy for us to stop stubble-burning. Farmers don't have an option," said Gurnam Singh Chaduni, a farm union leader currently leading protests against three recent agricultural laws.

(The writer is Zia Haq.)

TOP

No Noticeable Change in Insurance Coverage During Covid Pandemic: Govt – Live Mint – 31st July 2021

The government Friday said there has been no noticeable change in insurance coverage in the country during the COVID-19 pandemic.

Minister of State for Health Bharati Pravin Pawar told Lok Sabha that the number of lives covered under health insurance (excluding personal accident and travel business) from April 1 to December 31, 2020 was 38.79 crore as compared to 39.06 crore for the corresponding period the previous year.

The total number of health insurance coverage, excluding personal accident and travel, in financial year 2019-20 was 49.87 crore, she said in a written reply. This is inclusive of government-sponsored health insurance schemes including group health and individual health insurance, she said.

"There has been no noticeable change in insurance coverage during COVID-19 pandemic," the minister stated. On whether the premium for health insurance during the pandemic increased multifold, Pawar said the Insurance Regulatory and Development Authority of India (IRDAI) issued a press statement on December 3, 2020 that insurers were permitted to revise the base premium upto 5 per cent of originally approved rates.

Insurers, as part of periodical modification of their respective products, effect revision in health insurance premium rates based on the incurred claims experience to ensure viability and sustainability of products they offer, she said.

TOP

LIFE INSURANCE

Usefulness of digital tools for buying and claiming insurance - The Hindu Business Line – 5th August 2021

The outbreak of Covid-19 ushered in accelerated digitisation in the insurance industry as well as rapid acceptance and adoption by customers. The industry introduced many features including telemedicine. Life insurance, which was predominantly done offline, largely moved to online channels. Digital insurance or 'InsurTech' has disrupted the entire insurance sector and is bridging the insurance gap in the country. With smartphones and cheap internet, customers can use various platforms like social media, website, email, apps to interact with the insurers and get help in terms of selection, purchase, and filing for claims. Digital tools like mobile applications have been helping consumers across the entire policy life cycle, starting from purchasing policies, intimation of claim incidents, processing claims through submission of documents online to claim settlement across all categories.

For example, if a car gets damaged today, the customer can share the photo of the damaged car with the insurer. Once the proof of the damaged car has been submitted, the insurance company can automatically verify it using AI and telematics and after verification, the amount of the claim will be paid to the customer's bank account, usually within 24 hours. Online channels have made insurance a personalised experience, much like the e-commerce virtual platforms. Advancement in technology including big data, artificial intelligence and machine learning have helped insurers to understand personalised consumer behaviour, their family needs and help them reach out with more accurate need-based insurance solutions.

For example, based on the information provided including health history of the individual and his/her family, insurer can guide the customer with the right policy and the right cover amount. Disease specific optional cover (such as diabetics) or need based cover (such as maternity) will also be recommended. Digital platforms of aggregators or insurers provide unbiased comparisons and analysis of various insurance products based on price, quality and other features. Consumers can evaluate the pros and cons of each product. Digital tools have made the process of insurance transparent, credible, seamless, personalised, and less time consuming.

(The writer is Balachander Sekhar.)

TOP

Soon, NPS products to be sold in life insurance companies: Sources - Zee News – 2nd August 2021

The COVID-19 Pandemic has changed our viewpoint towards the pension system. The pandemic has deepened the need to have a back-up plan that takes care of our old age. It is in this backdrop that National Pension System (NPS) has emerged as one of the most preferred choice for people needing a contingency plan.

The demand for a pension scheme has gained a lot of momentum with government too focusing on Atal Pension Scheme (APS) for a wider reach. In the last one year, the process of opening National Pension System (NPS) account has been made much simpler. And as per Zee Business sources, soon NPS products will be sold in the life insurance companies. This means that individual agents could sell NPS products as they sell life insurance products.

Sources further added that after NPS agents also get the same opportunities on the lines of insurance and mutual fund agents once they get a go-ahead from the insurance regulator. Sources further added that life insurance companies will sell NPS products as distributors and they will will be on the lines of Point of Presence (POP).

Who can open National Pension System (NPS) Account?
Any individual citizen of India (both resident and Non-resident) in the age group of 18-65 years (as on the date of submission of NPS application) can join NPS. Although, opening multiple NPS accounts for an individual is not allowed under NPS, an Individual can have one account in NPS and another account in Atal Pension Yojna.

TOP

Let your life cover strategy age well – The Hindu – 1st August 2021

A term insurance plan needs to be reviewed and added to at different stages in life

We all will agree with the premise that our financial goals and needs keep changing at different phases of our lives. To stay financially secure during all these phases, it is important to have a term life insurance plan. Term insurance that provides a huge life cover at a very small premium (For example ₹1 crore life cover for next 30 years at ₹500 per month) is a critical tool that provides a safety net to ensure the financial stability of the family. To keep pace with changing financial needs, it is also important to keep reviewing insurance plans as well.

Term insurance is never a one-time decision and it is important to review the coverage as you age. This is important to make sure that the future needs of the dependents are met adequately. Here is a quick look at the stages of your life when you should review term-insurance cover.

Young and single

Your career has probably just begun. While you may feel that you do not have any dependents unless your parents have already retired or you have a sibling who is dependent on you, this is the right time to start insurance planning from multiple perspectives. A very simple and fundamental aspect that many do not realise is that you can get insured easily when the perceived risk is low but the aspect is ignored by most. Also, when the risk is higher, everyone tends to run towards insurance but it gets tougher to get covered.

At a young and healthy age, you can get a term insurance very easily with very few checks. Even the premium will be very low. As you grow older, there is an inherent risk of health-related issues and any external accidents that may make it tough to get cover at a later stage at a good price. Take advantage of the younger age and health condition and purchase a plan that can cover yourself and an education loan, if any. In addition, while your parents may not be dependent on you at this stage, you would have, for sure, wanted them to live their retired life without a tight financial budget or live in a much better financial position than your income would have ensured. A term insurance policy that you take at such an age can take care of this aspect in case of any unforeseen event.

Marriage, children

When you turn about 30, chances are quite high that you are married and have very young children. Salaried professionals would have reached mid-managerial level and self-employed individuals would be enjoying a stable income inflow. On the personal front, you may also have retired and dependent parents. At this point, you would be surrounded by multiple liabilities and it is important to have adequate coverage to pay for all such liabilities. It is important to have a significant cover to pay for all possible expenses of your family. Get your coverage enhanced to ₹1 crore for overall protection and coverage up to your retirement age or your earning capacity.

Late 40s, early 50s

When an individual reaches late forties and early fifties, he or she is likely in a senior managerial role while business owners are potentially looking to expand their businesses. At such an age, the income of an individual increases significantly and there is a proportionate rise in expenses as well. This is mostly because the children are grown up and are at the stage of incurring major, one-time expenses such as their weddings or considering higher education. In addition, it might be possible that you take a loan for such expenses or buy a home for your family. All these expenses make it essential that you enhance the sum assured of your term cover so that all expenses are met comfortably even in your absence. At this stage of life, the average person is best advised to get term cover worth at least ₹1.5 crore.

The right cover

Ideally, when buying a term insurance plan, it is always advisable to buy a policy with a coverage amount/sum assured up to 12 – 15 times of your annual income. Apart from this, there are other factors that must be given due consideration when deciding on the coverage amount. Forgetting to factor in loan outstanding is common as the EMI is automatically debited monthly but the outstanding loan may still be significant. Retirement planning for the spouse, medical emergencies and everyday expenses all need to be thought through. It is important to know all your liabilities while planning to buy a term insurance plan.

The need for term-insurance coverage usually peaks when you are in the middle of your career and have liabilities to pay. It is therefore advised to buy a plan as early as possible so that you can lock in the highest coverage possible at minimum prices. Waiting to buy term insurance till liabilities add up on your shoulders may sometimes prove costly.

(The writer is Sajja Praveen Chowdary.)

TOP

GENERAL INSURANCE

Buying a super top-up insurance policy? Know key features – Times Now – 6th August 2021

The past year has made people understand how medical emergencies can come up without warning. However, the recent second wave led to people losing their life savings over Covid-19 hospitalization bills because families started getting infected together - family floaters stood insufficient, and basic mediclaim policies of Rs 2 or 3 lakhs, didn't stand the test of time in front of exorbitant COVID hospitalization costs.

The second wave triggered the question of the sufficiency of a health insurance cover and how much is enough. One thing that the pandemic has taught us is the need to prepare for the unprecedented. While the country is seeing a rise in vaccination drive, we see a sense of realization in people also, to protect themselves against the forthcoming exigency.

While a regular health insurance plan is always beneficial, super top-up health plans offer an added layer of security to the insured.

Super Top Up plan need of the hour
Rakesh Jain, Chief Executive Officer, Reliance General Insurance, explains "While COVID-19 has brought the insufficiency of coverage to the limelight, people in India even before covid suffered the problem of under insurance. With medical advancement and treatment methods upgrading technologically day on day, the cost of common procedures and surgeries has increased significantly over the past decade. Knee and Hip replacement surgery, Heart Bypass, Kidney Transplant have seen an increase of 75-80% in terms of costs."

Also, the cost of long-term procedures like Chemotherapy or Dialysis which follow surgeries needs a regular outflow of expenses, this needs to be considered before increase coverage, he added.

Super Top Up acts as a booster to your existing health insurance policy
Most indemnity or basic health policies lack high sum-insured options, or if they have one, it is expensive and discourages customers. Hence choosing a super top-up cover is a viable, low-cost solution. People also supplement coverage with event-based covers like Critical Illness cover or COVID-19 cover, which will only cover for an instance of hospitalization but will not offer comprehensive coverage in case if a future need arises.

Jain said: "Like we saw scenarios of post-covid effects on multiple organs like kidney and lungs, but the COVID-19 policy will not apply on such instances arising subsequently as after effect of the event. Thus, making it extremely critical to have a super top-up if you're planning to increase your coverage. Super Top-up as the word suggests attaches on top of your existing base policy. But it is not a mandate to have a base policy to buy a super top-up cover. There is a concept of deductible, which needs to be crossed in case of a claim. Like you have a sum insured of 10 lakhs with a 3 lakhs deductible. In case of an event of hospitalization, once your hospitalization bill/expense crosses 3 lakhs, the top policy will start to cover for a sum of 10 lakhs."

How to choose the right insurance super top-up plan?
As mentioned previously, Top-up plans are event-based where deductible applies every single time. So, if the policy need is going to keep as a precaution for one-off cases of hospitalization, then one can go for a top-up policy. But if you want to stay prepared for multiple needs during the policy period. Then super top-up is the way.

We have seen people getting gripped with heart ailments, diabetes, cancer, and kidney stones, etc. on a common basis nowadays and there can be recurring needs of hospitalization or procedures. In which case, Super top-up policies are a wise decision to make.

(The writer is Aparna Deb.)

TOP

Four Pieces of Health Insurance Information to Make You Covid-ready – Outlook - 5th August 2021

With Covid-19 still a health threat across the globe, people are looking for health insurance to safeguard themselves and their families. An informed health insurance policy can help individuals avail maximum benefits from the policy. One should be informed about the needs and requirements as per the medical history and requirements of the family.

Covid cover is now a prerequisite in any health insurance policy and information about Covid coverage is equally significant. Covid-19 cases witnessed a surge in the months of April-May across the country, and hence health insurance claims have also been on the rise. Recently, health insurance companies have increased their premium in the beginning of FY 21-22; wherein, most companies increased their premium by 10 per cent. While non-revision of the premium prices in the last few years have been one of the main reasons for premium price increase; huge claim settlement amount due to Covid, has also been another reason for the same.

Apart from premium price increase, health insurance companies introduced many additions and subtractions in the policies, majorly catering to the Covid-19 crisis. Consumers should be well informed about the newer attributes, so that they can make optimum use of the health insurance policies during this Covid pandemic.

Waiting Period: While the waiting period for general health insurance policies ranges from 15-30 days (for people without pre-existing diseases); Covid survivors will need to wait for close to three months before they buy a health insurance policy. Some insurers like Manipal Cigna, HDFC ERGO, ICICI Lombard and Max Bupa, have introduced a 'cooling-off' or waiting period for three months, for people who suffered from Covid-19. A Covid negative test, for a Covid survivor is a must now; and the waiting period starts from the date of the Covid negative test result date. This is primarily to mitigate the risk of post covid after effects.

Home care reimbursement: In case, the insured is suffering from Covid-19, and does not get admission in hospitals due to various reasons like unavailability of bed, lack of facilities in the hospital or extreme critical condition where there is no possibility of taking the patient to the hospital; the patient can avail domiciliary hospitalisation. It is now a part of the health insurance policy. Some insurance companies offer it as an in-built feature whereas some provide it as an add on cover. Hence, if the consumer feels the need for home care treatment, he or she should take a note whether the policy he is purchasing provides Domiciliary Hospitalisation as a feature.

Most of the Corona Kavach or Corona Rakshak policies are providing the feature of Domiciliary Hospitalisation. However, one should check with their respective insurers and inform them before opting for home care Covid treatment. This helps the insurer become informed well in advance and can help the policy holder with the requisite documentation procedures.

Covid claim settlement: The claims for Covid-19 are now treated under the general health insurance claim and with the insurance regulator's guidelines, TAT (turnaround time) for Covid claim settlement has been reduced by most insurers.

For hospitalisation cover, the policy holder should submit duly filled and signed claim form, KYC (Identity proof with Address), medical practitioner's prescription advising admission, original bills with itemised break-up, payment receipts, discharge summary. It should also include complete medical history of the patient, insured person's test reports from authorized diagnostic centres for Covid, NEFT Details, cancelled cheque, legal heir/succession certificate. In case of Domiciliary Hospitalisation; certificate from medical practitioner, advising treatment at home, discharge certificate from medical practitioner specifying date of start and completion of home care treatment is required.

In case of cashless claims which are settled at the hospital by the insurer, one should make sure that all queries raised by insurer/TPA are resolved by the hospital authority on priority.

Cashless Hospitals: A lot of insurance companies have tied up with network hospitals for cashless treatments. These hospitals have associated with insurance companies so that they can help one avail the benefits of cashless treatment during medical emergencies. Of late, this has become a significant parameter for choosing health insurance plans. For new policy holders or even for people who are looking at renewing their existing health plans, this parameter ensures that policyholders can look at immediate hospitalisation without any hassle, in case of an emergency.

(The writer is Indraneel Chatterjee.)

TOP

Covid-19: Orphaned children to get ₹5 lakh insurance from Centre – Live Mint - 5th August 2021

The Central government has decided to give free ₹5 lakh health insurance to children up to the age of 18 years, who were orphaned due to the Covid pandemic. According to Union Cabinet Minister Anurag Thakur, the premium will be paid by the Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM-CARES) Fund.

"As part of the steps taken to take care of children affected by COVID-19, children up to 18 years will be provided free health insurance of ₹5 lakhs under Ayushman Bharat and its premium will be paid by PM CARES," Thakur tweeted on Wednesday.

Children up to the age of 18 years, who have lost both their parents or guardians, will be given a monthly stipend, and on turning 23 years old, an amount of ₹10 lakh would be given, Thakur added.

The PM CARES for Children Scheme was launched this year on May 29. It aims to support children who have lost both the parents or legal guardian or adoptive parents or surviving parent to the COVID-19 pandemic during the period starting from March 11, 2020.

The objective of the scheme is to ensure comprehensive care and protection of children in a sustained manner, and enable their well-being through health insurance, empower them through education and equip them for self-sufficient existence with financial support on reaching 23 years of age.

Several state governments have also launched schemes for children orphaned by Covid-19. This week only, Uttarakhand Chief Minister Pushkar Singh Dhami launched the 'Vatsalya Yojana scheme' for the welfare of children affected by the death of a guardian due to Covid-19.

Under this scheme, the beneficiary children will get ₹3,000 every month besides education and health facilities. Whereas Karnataka has launched a free education programme for such children. Maharashtra government announced that fixed deposits of ₹five lakh will be made in the name of children who have lost at least one parent to COVID-19. They will also get a monthly allowance of ₹1,125.

Madhya Pradesh government has announced ₹5,000 per month monetary assistance for orphaned kids. Other states have also provided financial and educational assistance to children orphaned due to coronavirus.

According to the National Commission for Protection of Child Rights (NCPCR), a total of 30,071 children were orphaned, lost a parent, or abandoned mostly due to the COVID-19 pandemic as of June 5. Of the total, 26,176 children have lost a parent, 3,621 have been orphaned and 274 have been abandoned, the NCPCR said.

TOP

Lapses in Insurance Coverage for Mental Health – Who is Responsible? - Money Life - 5th August 2021

Almost 10.6% of India's population lives with a mental illness, shows data from the National Mental Health Survey (NMHS) in 2016. However, even today, it is difficult and costly to access health services and care for mental illnesses across the country. Although health insurance for mental illness can protect from large out of pocket expenses, it is an uphill task.

Until the enactment of the Mental Healthcare Act (MHCA) 2017, mental illness was excluded in all health insurance policies through standardised exclusion clauses, a discriminatory feature against mental illness.

Section 21 (4) of the MHCA makes it obligatory for all health insurance companies to provide medical insurance for the treatment of mental illness on the same basis as for physical illness. This provision is based on the principle of parity, which means only removal of the exclusion clause for mental illness is not enough: the insurance companies are obligated to ensure no discrimination occurs in the types of policies, coverage and terms of insurance coverage provided both to mental and physical illnesses.

However, its implementation has not been straightforward. In 2018, the Insurance Regulatory & Development Authority of India (IRDAI) issued a circular mandating immediate compliance with Section 21 (4) of the MHCA. This was followed by the Supreme Court issuing a notice to the Union ministry of health and family welfare (MoHFW) and IRDAI in 2020 about non-compliance of MHCA by insurance companies. This resulted in another circular from IRDAI requiring all health insurance companies to disclose their underwriting philosophy of offering insurance coverage to persons with mental illness by 1 October 2020.

While all major providers have published their underwriting philosophy, the principle of parity has not yet translated to action on ground. Insurance seekers still face denials or delays for coverage for mental illness. The standard process to address such discrimination or other grievances, is to make a complaint to the insurance company and then to the IRDAI grievance redressal cell and if the issue is not resolved, the aggrieved party can approach the Insurance Ombudsman. At this stage, if the matter is still disputed, the aggrieved party can take the legal route, and approach consumer courts or the High Court.

Despite the redressal processes within the IRDAI, individuals have had to approach courts for their rightful insurance claims for mental illness in the recent past, as witnessed in the Delhi High Court, which delivered a landmark judgment on the liability of insurance companies and the IRDAI to comply with the MHCA.

In the case of Shikha Nischal vs National Insurance Co Ltd (NIC), Ms Nischal was denied health insurance for treatment of her mental health condition by the insurer citing an exclusion clause from the policy. The clause stated that no coverage would be provided in relation to 'psychiatric disorder, or intentional self-inflicted injury.' The Delhi High Court ruled in favour of Ms Nischal, observing that the IRDAI's lack of monitoring over insurance companies was an abandonment of its duty to supervise and ensure that the law was implemented by all the insurance companies.

Importantly, the HC also held that all insurance companies were liable to adhere to Section 21(4) of the MHCA with effect from the date it came into force, implying that all health insurance policies since this date would have to include mental illness irrespective of any considerations. This is a landmark judgement that sets an important precedent. While the law is clear about the obligation of insurance companies, we ask, to what extent are insurance companies implementing the MHCA, in letter and in spirit? And equally importantly, is the IRDAI, as a regulator and monitoring agency, doing their part to uphold the principles put forth by the MHCA?

The India Mental Health Observatory (IMHO) undertook a systematic review of health insurance policies that were introduced or revised during the years 2019-2021 to assess whether they comply with Section 21 (4) of the MHCA. It reviewed over 400 policies and found all but six policies by two providers, Universal Sompo General Insurance and Navi General Insurance, had not removed mental illness from the standard exclusion clauses.

The IMHO has published a summary of their analysis as a dashboard of health insurance policies. with the hope that people with mental illness seeking insurance will be able to weigh their options. The dashboard can be accessed here. Findings from the IMHO analysis of policy wordings reveal that certain insurance policies have differential coverage for mental illness. For example, differential waiting periods (35 policies) or lower provision of sum assured (32 policies), thus violating the principle of parity embedded in the MHCA.

The IRDAI's Master Circular on Standardisation of Health Insurance Products (2020) allows insurers to impose sub-limits on specific disease or conditions provided the limitations are based on sound actuarial principles. Many insurance companies have used this to limit the coverage of mental illness. An important judgement on the matter of sub-limits, the case of *Subhash Khandelwal vs Max Bupa Health Insurance Co Ltd,* is scheduled to be heard in the Delhi High Court soon.

In this case, the petitioner purchased an insurance policy from Max Bupa for an assured sum of Rs35 lakh. When the petitioner raised his claim for mental illness, he was informed of a clause in the policy, restricting the sum assured to Rs50,000 with additional conditions. Since the matter of restriction on sum insured is sub-judice, the Delhi High Court's judgment on this issue can potentially shape future action around discrimination against mental illness through differential terms in insurance policies.

Beyond sub-limits, a frequent exclusion within insurance policies is coverage for 'self-inflicted injuries' or 'attempted suicide.' Official estimates suggest India has a suicide rate of 17.9 deaths by suicide per 100,000 population and the number of attempts is estimated to be 20 times higher. Attempt to suicide is related to severe stress and mental health conditions and is likely to involve treatment or hospitalisation for physical injuries. Attempted suicide or self-inflicted injury is not a standardised exclusion approved by the IRDAI and thus, the frequent exclusion by insurance providers is discriminatory.

Section 115 of the MHCA creates a presumption that a person attempting suicide is under severe stress and cites "the appropriate Government shall have a duty to provide care, treatment and rehabilitation to a person, having severe stress and who attempted to commit suicide, to reduce the risk of recurrence of attempt to commit suicide."

Following this, it is imperative that coverage for treatment related to suicide is included by all health insurance providers and the IRDAI ensures this is upheld. While these examples are representative of current practice among insurance companies, the IMHO also found the IRDAIs' Master Circular (2020) itself permits the exclusion (under Exclusion 12) of treatment for substance use and any addictive condition from health insurance coverage. This is in violation of the MHCA.

Substance use disorders are highly prevalent in India with estimates showing 22.4% of population above the age of 18 are affected by substance use disorders. Addiction and substance use disorders are recognised under section 6 of the ICD-11 as requiring both psychiatric and medical intervention. The MHCA too recognises "mental conditions associated with the abuse of alcohol and drugs" as a mental illness. Substance use disorders are treatable conditions, yet there remains a high gap in care. Data from the NMHS 2016 estimates a gap of 86% for alcohol use disorders, where a majority of those who require treatment for alcohol use disorders do not seek, receive or have access to appropriate care.

Thus, by authorising the exclusion for addiction use disorders for insurance coverage, the IRDAI is enabling this gap in access to treatment. The MHCA provides a robust legal framework for the treatment for mental illness and clearly states the right to medical insurance. The next line of responsibility is with the IRDAI, the regulator, to play a more proactive role in supervision, ensuring that insurance companies comply with the letter and spirit of Section 21 (4) of the MHCA.

The IRDAI should, with immediate effect, remove the exclusion clauses for addiction disorders and exercise its supervisory jurisdiction to ensure insurance companies don't discriminate against persons with mental illness. Ultimately, it is not the responsibility of individuals to seek legal recourse for their rights to health insurance. However, until insurance companies and the IRDAI abide by their legal obligations to ensure that every individual has access to affordable mental healthcare without discrimination, citizens may have to continue the laborious task of advocating for themselves, using the Delhi High Court judgement as a precedent to exercise their right under the law.

(The writers are Sayali Mahashur, Amiti Varma and Arjun Kapoor.)

TOP

Ministerial panel set to take up PSU insurer's privatisation soon - Business Standard – 5th August 2021

A ministerial panel will soon take up the privatisation plan of a state-owned insurer as the Core Group of Secretaries on Divestment (CGD) is learned to have not raised any objections on the NITI Aayog's proposal. Consultations at the CGD level involved deliberations on the process of privatisation, timing, and the way forward to sell the PSU insurer — United India Insurance — suggested by NITI Aayog, said an official. The CGD did not raise any issue that could deter the privatisation process, he added. The Alternative Mechanism — which includes Finance Minister Nirmala Sitharaman and Road, Transport, and Highways Minister Nitin Gadkari, among others — will now initiate yet another series of consultations with NITI Aayog and the Department of Investment and Public Asset Management (DIPAM), before taking the final decision.

"There is expected to be extensive consultations by the ministers' panel on both the finalisation of the PSU insurer for privatisation as well as the process," the official said. In the ongoing session of the Parliament, the government has approved changes to General Insurance Business (Nationalisation) Act that removed a clause that mandated that the Centre hold at least 51 percent in public sector insurance companies at any given time, and allowed transfer of management control to a potential buyer. The process of approving the right candidate for privatisation will be undertaken by the ministerial panel so that the government can privatise one insurer in the current financial year as announced in the Union Budget. Once approved by the panel of ministers, the proposal will be placed before the Cabinet Committee on Economic Affairs, chaired by Prime Minister Narendra Modi.

The DIPAM will then begin a market analysis, and will appoint intermediaries to arrive at the valuation of the company. As the government has already increased foreign direct investment (FDI) limit in the insurance sector to 74 percent, overseas investors can also pick up stake in a government-owned insurer up to that ceiling. The sentiment in the insurance sector is positive, said the official quoted above. Insurance has been classified as one of the strategic sectors in the new Public Sector Enterprises policy for Atmanirbhar Bharat, where the government intends to retain a “bare minimum” presence of state-owned companies.

(The writer is Nikunj Ohri.)

[TOP]

Why legacy insurance brands are logging off from online marketplaces - The Economic Times – 2nd August 2021

One of India's leading private sector general insurers HDFC Ergo recently delisted its products from web aggregators and online third-party brokers, including the largest player in the segment, PolicyBazaar. In withdrawing its health and motor insurance policies, the insurer joined a small yet growing band of incumbents in India’s legacy insurance industry, which include largest private sector general insurer ICICI Lombard and public sector behemoth Life Insurance Corporation of India, which have either partially or completely stayed away from listing their products on third-party online brokers.

These "strategic" calls by insurers may seem counterintuitive as the Covid-19 pandemic-led digitisation of the consumer economy is driving significant traffic to online sales of insurance plans. But insurance industry insiders say this could be an indication of a larger pushback from insurance companies to gain more autonomy in the increasingly digitising world of retail insurance in India.

Insurance industry sources say several companies are scouting for new self-sufficient distribution models to boost their digital ambitions, while also reducing dependency on third-party platforms, which are increasingly commanding online sales of insurance policies. According to US-based investment bank Jefferies, nearly one-fifth of premium revenue for India’s health and life insurers could be through online channels by FY25. The share has already grown from 0.1% in FY15 to nearly 4% (or $1.3 billion in premium) in FY20.

ET spoke with executives from leading insurers across health, life, and motor insurance segments as well as those working closely with online aggregators such as PolicyBazaar and Cover fox to unpack some of the concerns being harboured by insurers. Detailed questionnaires to PolicyBazaar and HDFC Ergo didn't elicit a response.

Is price-based comparison hurting insurance brands?

There is a growing view in the industry that price-based comparison deployed by insurance marketplaces, pitting products from competing insurers based on premiums, is hurting the brand reputation of larger firms. This is even as players like PolicyBazaar have introduced criteria such as claims settlement ratio and sum assured as a comparison metric on their platforms. “It is a question that has emerged as the industry has evolved,” said an executive heading distribution at a leading private insurer.

“When a customer comes online to buy an insurance cover, there is a lot more they should be aware about than just the premium it will cost. The quality of the purchase would also be dependent on factors such as the claim settlement ratio (of the insurer), the sum assured for protection covers, number of tie-ups with hospital networks, room rent limits to name a few,” the insurer said, adding that online marketplace, especially on motor and term side, prompts consumers to go for “cheaper” policies.

With Insurance Regulatory and Development Authority of India (IRDAI) increasingly pushing insurers towards standardisation of terms and services, executives from larger insurance firms are sensing that this model listing covers based on cheapest to most expensive could dilute its competitive advantage. “There is no denying the work done by aggregators like PolicyBazaar in expanding the size of India’s insurance market. But we feel there is scope for a more inclusive approach where disclosures on product types, age groups and quality of claims service can be given more prominence on the platform,” a second insurance industry executive added.

To be sure, the insurance industry of India has 57 insurance companies, of which 24 are life insurers, while 33 are non-life insurers including standalone health firms. These companies can manufacture policies. Third-party platforms such as IPO-bound PolicyBazaar, Turtle mint, and Cover fox among others typically function as online-first brokers that aggregate policies on platforms for customers to compare and purchase like a marketplace.

According to an industry expert, who has worked closely with insurance aggregators, insurance companies are also increasingly investing on their own digital and distribution capabilities to command more autonomy on the channels of sales. This could be through new bancassurance networks, strengthening digital distribution, as well as incubating startups. “For large insurance companies, the branding can often go for a toss when pitted against smaller rivals.

There is a growing sentiment among insurance companies to decrease the dependency on third-party services and instead invest in their own agency relationships and distribution capabilities,” the expert said, requesting anonymity. Other concerns also include the inability of insurers to control onboarding experience, according to a chief operating officer of a life insurer. "A customer buying an online cover from Paytm, PhonePe or PolicyBazaar is still the customer of the insurance company whose policy they are buying. In the online world, these lines often get blurred and the insurer has to depend on the platform for providing its customers the best service," the person added.

Insurance firms want to build own digital muscle

The relationship between web aggregators and insurance companies have also been dictated by the quality of customers it helped acquire. Now with the online market rapidly expanding, these differentiators are also changing. “The claims ratio of customers acquired through online channels are lower as these are younger and more affluent segments. However with the market gaining scale, this advantage is also diminishing. This also points towards how much the market has expanded and platforms have played a huge role in this,” the executive added.

According to a source close to PolicyBazaar, the reasons for HDFC Ergo’s withdrawal from all leading web aggregator platforms “was strategic”, and a call taken in view to build its own digital capabilities. “The decision was amicable and the relationship with HDFC brand is very good,” the source said, adding that the life subsidiary of HDFC—HDFC Life—continues to list on Policybazaar along with 50 other brands. The person also added that LIC could also soon get listed again on the platform, nearly five years after it delisted its term cover from web aggregators.

The online insurance segment in India in recent months has been among one of the most heavily funded segments with startups such as Digit, Acko, Plum and Renew Buy having closed big rounds in recent months. In fact, Policybazaar has filed its IPO documents with Sebi to raise over Rs 6,000 crore, as per sources.

(The writer is Ashwin Manikandan.)

TOP

Going abroad for studies? Student policies from Indian insurers are cheaper - Business Standard – 31st July 2021

Indian students headed to foreign universities for higher education must ensure they buy a student travel insurance policy. They can buy this policy from an insurer in India, or from a foreign insurer approved by their university. Buying this cover is essential. In countries like the US, it is mandatory for foreign students to have student insurance. Even if the university does not impose this condition, students must buy this cover for their own financial well-being. They will spend several years abroad, and the cost of medical treatment tends to be very high in the developed world. The ongoing pandemic has made it all the more essential to be adequately insured. An insurance policy purchased in India is likely to be less expensive than one purchased abroad. The policies offered by Indian insurers also cover many non-medical emergencies. "They offer 360-degree protection against problems like passport loss, baggage loss, etc," says Rakesh Goyal, director, Probus Insurance.

According to Adhil Shetty, chief executive officer (CEO), BankBazaar.com, "An Indian student travel insurance policy comes with unique features like auto renewal and policy extension facility." These covers have a few shortcomings, however. "Most of them do not cover expenses related to mental health treatment or pregnancy and childcare," says Shetty. Several private insurers offer this cover. According to brokers, the premium would be around Rs 9,000-15,000 for a cover of $1,00,000 for a 20-plus youth headed to an American university. University-approved insurers' policies have all the features stipulated by the university. According Raj Khosla, founder and managing director, MyMoneyMantra, "This makes it more convenient to buy a university-facilitated policy." Some of them could also offer more comprehensive coverage than Indian policies.

On the flip side, they are likely to be costlier. They may also not offer continuous coverage: the interim period between two academic years may not be covered. If you decide to buy an Indian cover, you must check whether it meets your university's specifications. The policy must also offer adequate and broad coverage. Says Khosla: "The amount of cover must be adequate for taking care of all medical costs. And the policy should cover you for hospitalisation, prescription medicines, private nurse, dental care, and accident and disability." The policy should offer features like assistance in repatriation (transporting mortal remains to India in case of demise), and should pay for the to-and-fro tickets of a family member in case he falls ill and requires someone to take care of him. On the non-medical side, the policy must cover for loss of passport or luggage, flight cancellation or trip delay, and bail bond.

Check the clause regarding waiting period before coverage for pre-existing illnesses begins. Also familiarise yourself with the policy exclusions. Many countries enforce a quarantine on students when they arrive. "Our policy does not cover vaccination or hotel quarantine," says Sourabh Chatterjee, head-IT, web sales and travel, Bajaj Allianz General Insurance. Most of these policies come with a deductible. If the deductible is $100, it means that any bill up to this amount will have to be paid by the student. If the bill is larger, the insured will pay $100 and the insurer will pay the balance. Finally, don't purchase this cover at the last moment. Says Khosla: "When you do so, you will make the purchase without properly understanding its features like what is covered, the exclusions, deductible, and so on." Take the time to compare the features and premiums of policies offered by various insurers before deciding on one.

(The writer is Abeer Ray.)

TOP

HEALTH INSURANCE

Govt fund to treat road crash victims – The Times of India – 6th August 2021

The road transport ministry will create a fund to provide immediate hospitalisation expenses to road crash victims to ensure no one is deprived of medical care for want of money or attendant. The ministry this week issued a draft notification on creation of this fund. A share of the toll or user fee that one pays for using NHs and fines collected from contractors and authorities held guilty for poor quality work that result in accidents, will be used for creating the corpus of the Motor Vehicle Accident Fund. In the case of an insured vehicle getting involved in a road accident, the hospitalisation expenses will be reimbursed by the concerned insurance company. In hit-and-run cases or crashes involving uninsured vehicles, the expenses will be disbursed from the fund. "We needed to find a solution to help victims of hit-and-run cases or where the vehicle is not insured. So, in those cases, the government will bear the expenses. The approved claim amount shall be disbursed by the designated agency to the hospital. If in the case of a crash involving an uninsured vehicle, the vehicle is nabbed and negligence is established, the vehicle owner will have to pay for the expenses that the government has incurred," said a source.

(The writer is Dipak K Dash.)

TOP

7 types of health insurance plans: Features, benefits, how they work – Explained - Financial Express – 4th August 2021

Since the outbreak of Covid-19, the need of having adequate health insurance has been felt by one and all. But, when it comes to buying a health insurance policy, there is often a confusion as to which health insurance policy to buy. There are, after all, a variety of health covers and making the right choice at times becomes difficult. And, unlike life insurance which is to be bought in the name of the bread earner of the family, make sure you buy a health cover policy in the name of all family members.

Besides buying the right health cover policy, it is equally important to keep adequate coverage so that hospital bills are paid by the insurers and you don't have to pick the bill from your own pocket. And, remember, there's nothing called the best health insurance policy, choose the one that is comprehensive in nature with maximum coverage.

Let's see 7 different types of health insurance plans and what they have to offer. Some of them are essentials and not to be ignored while others may be added to cover risks from all fronts.

1. Individual health insurance plan
When you are looking to buy health insurance for yourself, the plan that you will have to buy is the Individual health insurance plan also popularly called the Mediclaim. They are to be purchased on individual name and, therefore, the premium is based on age, sum insured of the buyer. They are indemnity policies, that is, they reimburse the actual expenses incurred up to the amount of the cover that you buy. They cover expenses if you are hospitalized for at least 24 hours.

2. Family Floater plans
A Family Floater plan is largely the same as an Individual health insurance plan. The benefits remain largely the same, but the sum insured can be availed by any or all members of the family and not a single person. For example, instead of buying Rs 3 lakh health insurance cover for each member of the family of four, if you buy a Family Floater plan for Rs 9 lakh, each member can avail benefits up to Rs 9 lakh as

opposed to Rs 3 lakh in the earlier instance. The premium in these plans is lower compared to Individual health insurance plans.

3. Critical illness plans
Unlike a mediclaim plan, the critical illness plan, regardless of your hospital expenses, pays the entire sum insured on the occurrence of the specified illness. All insurers cover 10 to 12 major critical illnesses or even more, some of which are cancer, coronary artery bypass surgery, heart attack, stroke, kidney failure, aorta surgery, heart valve replacement, major organ transplant and paralysis.

4. Daily Hospital Cash plan
As the name goes, a Daily Hospital Cash plan is a health insurance plan in which the insured pays a fixed amount on a daily basis when the policyholders get hospitalised. No matter what the hospital bill including the room rent, doctor fees and other charges, the Daily Hospital Cash plan will pay depending on the number of days plan opted by the insured.

5. Arogya Sanjeevani Policy
If you are too confused as different insurers offer different variants and features in their health policies, then this is the plan to buy. As features and benefits of health cover plans may differ across insurers, there is the Standard Health Insurance on offer from all insurance companies to help in buying a standard plan. Ask for Arogya Sanjeevani Policy, which is the Standard Health Insurance policy, from your insurer and buy it. Standard Health Insurance Product is aimed at taking care of basic health needs, carrying similar policy wordings and enabling seamless portability among the insurers. Arogya Sanjeevani Policy will only be an indemnity policy which means it will work on a reimbursement basis.

6. Corona Kavach Policy
Corona Kavach Policy is a specific health insurance policy covering hospital bills solely on account of Covid-19. They are available only with general and health insurers and they are indemnity-based plans in which the hospital bill gets reimbursed.

7. Corona Rakshak Policy
Corona Rakshak Policy is also a specific health insurance policy covering hospital bills solely on account of Covid-19 but is available with all insurers including life insurance companies. In Corona Rakshak Policy, 100 per cent of the sum insured is to be paid to the policyholder as it is a benefit-based plan.

(The writer is Sunil Dhawan.)

TOP

All you need to know about monsoon-based health insurance coverage - Financial Express – 4th August 2021

As much as it gets troublesome at times, there is no denying the fact that the monsoons occupy a special place in our hearts. A season, as lively as this, deserves to be enjoyed thoroughly without having to worry about seasonal health risks which could hit a person anytime, often leading to illness or hospitalization The season in particular requires one to be very cautious of the various diseases, vector borne ailments & other viral infections that are common during this period. In fact, with a Health Insurance by your side to protect you against financial burdens arising due to them; they'd just prove be a minor inconvenience.

What makes Health Insurance a necessity during Monsoon?
While there is no dearth of reasons as to why we need a health insurance at any point in time, there is a list of reasons, to specifically answer why we absolutely need one during the monsoon season. As we all know, the weather conditions during monsoon are potent for growth and spread of harmful

microorganisms. Puddles of stagnant water, as well as clogged drains amidst heavy rainfalls and humidity that follows, are the mosquitos' and other vectors' breeding utopia. On top of that, the temperature constantly switching between hot and cold can easily make anyone with a weak immune system fall sick with flu-like symptoms for days. And this is not even half the nightmare the monsoon season can cause.

Besides dengue, malaria, and other viral infections, the heavy rainfall during this season leads to a series of other severe hazards due to the increasing number of road accidents during the rainy season, every year. In such cases, a good health insurance cover can be your only best friend. Interestingly, now most health insurance companies also offer plans, specifically curated for the monsoon season, and the diseases it entails.

Monsoon based Health Insurance Coverage: All you need to know
The key feature of a monsoon specific Health Insurance policy is to cover healthcare expenses due to either hospitalization, or out-patient treatments for most serious vector-borne diseases, across all ages. A majority of disease-specific plans in the recent times are the most customized insurance services that provide a host of useful benefits to customers. The most common benefits include:

- Comprehensive coverage against hospitalization expenses for treatment of wide-range of illnesses including infections, accidental injuries, and non-communicable diseases
- Coverage for diagnostic tests and examinations
- Coverage for OPD visits and day care treatments
- Coverage for road & air ambulance during emergencies

Furthermore, in cases of serious deterioration of health leading to ICU admissions, many of these plans can be effectively topped up. The benefits also include No Claim Bonus that increases Sum Insured for every claim free year with some plans giving an increase up to 200%, Unlimited Automatic Recharge of Sum Insured, as well as global coverage.

General Inclusions of Health insurance: While almost all Health Insurance policies are generally equipped with most basic inclusions, it is always in your best interest to inquire further about the waiting period applicable for specific ailments in those plans. Waiting period refers to the total time that one has to wait for before being able to claim on expenses incurred for some specific ailments or pre-existing conditions. Some of the other general inclusions are 30-Day Pre and 60-Day post hospitalization treatment, Alternative treatment forms such as Ayurveda, Unani, Homeopathy & Siddha, domiciliary treatment (availing treatment at home), expenses for donating an organ etc.

Important Health Tips to ensure Good Health this Monsoon:
While having a proper health insurance for you and your loved ones is an absolute necessity for financial security, it is always wise to avoid as much health trouble as possible by taking precautionary measures during the monsoon season. You can enjoy rain while sipping on the goodness of antioxidants every day with a healthy cup of green tea, and a balanced diet filled with fruits, and green leafy vegetables. Other important things to take care of this season include:

- Maintain good hygiene, and do not touch your nose and mouth with dirty hands to avoid flu-like symptomWear clean, cotton clothes
- Drink clean, boiled and luke-warm water as much as possible, avoid drinking cold water
- Add ginger, cardamom and cinnamon to your diet to boost immunity
- Avoid going to crowded places, and eating out in the open food stalls or restaurants
- Use skin-friendly mosquito repellent
- Cover yourself up properly before leaving your house
- Keep an umbrella handy to avoid getting stuck somewhere, or getting drenched by the sudden downpour.
- And of course, in addition to the above, do adopt all requisite covid precautions

Key Takeaway
In case of any symptom of vector-borne or water-borne diseases seen in any member of your family, there should be no delay in seeking medical assistance, given the dire situations we are living through. There are often symptoms that are generally too mild to be noticed, and hence taken lightly that later on turn out to be serious in many cases, especially among children and the elderly. Most medical emergencies come uninvited, and it is often at the most unexpected times. Even then, the monsoon season often has the highest probability bringing in various diseases, hence can be considered the best time to purchase a comprehensive insurance coverage for yourself and your family. While choosing an insurance plan that best suits your needs, do not forget to make sure that you are thorough about every detail, including the terms and conditions, about the coverage and exclusions that entail the plan provided by your insurance company.

(The writer is Ajay Shah.)

[TOP]

Why home treatment cover is pivotal for health insurance? – Elets - 2nd August 2021

In the last over one-and-a-half years Indians have faced numerous challenges on the health front. Ongoing pandemic has demonstrated that we need more and more coverage of health insurance in our country.

In the period between Mach and May this year we saw some stark images of people unable to get beds in the hospitals for the treatment of Covid-19. Now, imagine if someone wanted to get treated for some other health related problems, they might have faced intense trouble to get the admission in the hospitals.

In such situations it is better to have 'homecare treatment' in the policy. In the last few years several of the non-life insurance companies have started providing home care reimbursement—some of them provide as an in-built feature while some give as an add-on cover.

Last year, Insurance Regulatory and Development Authority of India (Irdai) has said non-life insurance companies to provide home treatment. According to the insurance regulator, homecare treatment is one taken at home for an ailment that normally needs hospitalisation provided that a medical practitioner advises the insured home treatment; there is a continuous active line of treatment with the health status of the insured monitored daily by a medical practitioner during the duration of home treatment.

And that records of daily monitoring of the insured patient and the treatment given are recorded and signed by a medical practitioner. This also included treatment. for Covid-19. However, as said some of the policies do cover home treatment, if your policy is not covered it is useful to buy an add-on cover for the same.

The most important benefit is that the patient can now choose to continue the treatment at home and does not need to get admitted to the hospital just to become eligible to make an insurance claim. Policyholder can make the decision by taking into account not just insurance coverage but also the best course of action as per his convenience.

In many cases, cashless home healthcare allows you to avail the best healthcare from the comfort of your home. Another advantage of home care insurance is that policyholders need not worry about arranging cash for home hospitalization as they can seek cashless healthcare. Cashless homecare is similar to the cashless hospitalization but here the policyholder gets coverage for the treatment he seeks at home instead of getting admitted to the hospital. It is important that the treatment is prescribed by the treating medical practitioner and falls under the scope of the insurance policy.

But there are few points which needs to be looked while having a homecare cover as there are sub-limits of domiciliary reimbursement. Some of the non-life players provide the domiciliary treatment up to a certain percentage of coverage, while for some it might be only add-on cover.

If someone health cover is for Rs 10 lakh and the coverage limit for domiciliary hospitalization is 20% of sum insured, the actual payout will be only Rs 2 lakh. It's also very simple to claim reimbursement for home care treatment. Looking at the Covid-19 cases in India currently, it seems things are under control. But it is always advisable to have a home care add-one cover to sail through the future crises.

TOP

Why demand for Covid health cover is infectious - The Hindu Business Line – 2nd August 2021

The Covid-19 pandemic has, in a way, redefined the perceptions around health insurance, acting as a catalyst for the growth of health cover. According to insurers, it has given the biggest push to health insurance demand since liberalisation in the 1990s, triggering positive shifts in the perception, processes and products in the industry.

The catalytic impact of Covid on the health insurance scenario is quite phenomenal in terms of demand. "There has certainly been an increase in demand for health insurance policies, owing to the awareness raised by Covid-19 pandemic," TA Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance, told Business Line.

The perception about health insurance has changed from a mere tax-saving tool to an indispensable financial security tool. "We have observed that there has been approximately a 40 per cent year-on-year increase in demand for health insurance policies," said Ramalingam. In a new trend, many customers are also looking to increase the sum insured of their base policy, he added.

There has been a realisation of the need to have an adequate cover to meet a major chunk of health expenditure in case of unforeseen risks such as Covid. "For instance, if a person has a ₹3 lakh health cover, they are looking to increase it to ₹5 lakh cover; a person with ₹5 lakh cover is interested in buying a ₹10 lakh cover. Additionally, they are also opting for super top-up policy to enhance their sum insured," said Ramalingam.

According to Sanjay Datta, Head -Underwriting & Claims, ICICI Lombard General Insurance Company, there has been much learning from the Covid experience. "One of the major learnings is the recognition of the need to have a risk product to cover oneself and one's family members.

"The digital offerings, as well as customer awareness of digital solutions to meet health cover requirements, have also gone up. There has been a lot of streamlining of processes as well," said Datta.
Product innovation and standardisation are now an integral part of the lexicon for all stakeholders – the Insurance Regulatory and Development Authority of India (IRDAI), industry players and customers.

Shift in demand

There are shifts in the nature of demand for health cover. Unlike last year, now there has been a decline in demand for Covid-specific health insurance policy for two reasons. "This is being driven by reduction in Covid cases in our country. Secondly, and more importantly, people are now looking to buy comprehensive health insurance policies," said Ramalingam.

In a significant move, the insurance regulator had introduced standard Covid-specific products, Corona Kavach and Corona Rakshak, to be offered by non-life and life insurers mandatorily for a period of nine-and-a-half months in July last year.

Though the initial response was dull, the demand for Covid-specific cover picked up significantly between March and September 2020 in the backdrop of surging cases. Assuming that there will be no third wave, general insurers expect greater demand for standard basic health cover policy, Aarogya Sanjeevani, introduced by the IRDAI before the attack of the pandemic.

It has been seen as a game-changer for health cover as it offers a simple, understandable basic health cover. However, the product has been overshadowed by Covid concerns and people preferred Covid-specific policies to a standard health over. Once Covid becomes history, this product could catch the attention of general public, feel experts.

Claims

"Due to the second wave, we have seen more than 100 per cent of Covid claims in the first quarter of the current fiscal compared to the entire FY21. Covid-19 claims constitute around 45 per cent of overall health claims in Q1 FY22, compared to 17 per cent for the same period last year," Ramalingam added.

However, insurers expect lower traction, going forward. There is already a declining trend of Covid cases in some parts of the country, and insurers are hopeful that as the vaccination drive gains more momentum, there could be an even more decline in the number of cases.

Is it sustainable?

While all these factors have boosted demand since April 2020, industry experts are also hoping that the new levels of demand for health insurance will be sustained, going forward.

"The massive surge in demand is a welcome trend. However, there are fears of the ensuing third wave all around, which might have contributed to increase in demand. We are keeping our fingers crossed that the situation attains normalcy," said the CEO of a large private life insurer.

He also sees customer satisfaction as a challenge. "In most cases, an objective examination of Covid claims being made allows us to settle only a part of the claim, leading to disaffection. Insurance goes by defined norms in claim settlement. We need to educate customers, too, on this front," said the CEO.

(The writer is G Naga Sridhar.)

TOP

Covid effect: Insurers float health plans covering consumables – The Times of India – 31st July 2021

With consumables like PPE kits, gloves, masks, face shields and sanitisers jacking up medical bills in Covid-19 times, some health insurance players have now started floating health insurance plans that cover these hitherto uncovered items. According to Amit Chhabra, head, health insurance, Policybazaar.com, data by Policybazaar.com suggests that if a consumer has a policy that covers consumables, the claims pay-out ratio is 11 percent higher as compared to the ones who do not have it. Bhabatosh Mishra, director underwriting, products & claims at Max Bupa Health Insurance explained that the regulator has a standard prescribed non-payable items list. This contains items like consumable gloves, nebulization kits and oxygen masks, which are not payable. "Since the pandemic, the burden of these non-payable items in the form of out-of-pocket expenses went up substantially. Deductions in claims is one big factor for customer dissatisfaction. Thus, we addressed this issue under our flagship product ReAssure…For a nominal premium it safeguards claims by paying for the non-payable items, as defined by the regulator," he said. He added that after receiving a positive response for the feature, the insurer has now extended this rider with its existing products as well giving customers the option of adding this feature to their plans.

Chhabra added that during pre-Covid times, these consumables used to constitute around 2-3 percent of the total medical bills but now this has gone anywhere upto 15-18 percent. “The claim pay-out percentages have got reduced for insurance companies due to this and till last year there were no plans where consumables were covered in insurance products but in the last one year, there have been a couple of products where consumables items also are getting covered,” he added. An industry expert pointed out that more insurers are expected to follow suit in the coming days and even in the post-Covid world, this trend is expected to continue. Even Animesh Das, head (product strategy), Acko Insurance, pointed out that his company will be launching their health insurance products for individuals in the coming days that will cover consumables too. He said its group policies already covered this feature but before Covid-19 struck, very few people used to opt for it. However, now a higher number of people have started using the feature in the last one year, he added. Das said on average, customers pay 10-12 percent of their premium to get consumables covered in group policies and it varies based on the sum insured.

(The writer is Swati Rathor.)

TOP

SURVEY & REPORTS

75 percent of those retiring in 18 months lack adequate health insurance: Study – Live Mint – 3rd August 2021

Bajaj Capital, an investment services company, conducted a survey to understand the impact of the ongoing covid-19 pandemic on investors who are about to retire and have retired.

One of the survey's key findings is that 3 out of 4 Indians retiring over the next 18 months are falling short of adequate health insurance coverage and intend to increase the coverage amount. The rising cost of hospitalisation seems to be a trigger for the increased awareness among retirees.

The study by Bajaj Capital was conducted across metros and non-metro in India with a sample size of 799 respondents. It targeted males and females in the age group of 55-65 years. The sample was further divided into two groups – existing policyholders and intenders looking to buy/enhance coverage in the next three months.

While 75% respondents reported a lack of adequate coverage for themselves, nearly 39% respondents realised that they do not have any health insurance for their spouses. During the pandemic, adequate health insurance coverage for all family members is a must to ensure that lifetime savings are not used to meet hospital costs. By paying a fraction of the coverage amount (sum insured), the policyholder makes sure that the insurer bears the hospital cost at the time of hospitalisation.

Vishwajeet Parashar, EVP & chief marketing officer, Bajaj Capital said, "The findings of the survey highlights the fact that medical inflation is becoming a big concern for the retirees, both, who have retired and those who are retiring in the near future. Although there is no fixed rule, based on the city of residence and the type of hospitals in the area where one lives, the amount of coverage may be determined. Keeping the right coverage and buying the right health insurance is the key to keep the savings secure for the retirees."

Some of the other key observations from the survey are as follows:
~47% of retirees feel their insurance policy do not have outpatient department (OPD) cover
~63% of retirees feel that they do not have critical illness cover
~90% of the respondents are thinking of buying top-up plans to enhance coverage.

"Retirees need to have a close look at their health insurance portfolio to make sure that risks on all fronts are covered. There are several insurance companies offering OPD coverage and the option to top-up coverage. Buying a critical illness plan also gives additional financial security at the time of any critical illness," said Parashar.

TOP

PENSION

New Pension System: Can you continue NPS after retirement? How much pension would you get? – Financial Express – 3rd August 2021

To replace the defined-benefit Old Pension System, the defined-contribution New Pension System (NPS) was first introduced for government employees, which was later opened for non-government sectors and the general public.

Entry and Maturity Age
In sync with the retirement age of government employees, the NPS was earlier allowed to continue up to 60 years of age. However, the entry age of joining NPS has now been increased to 65 years of age and the maturity age to 70 years.

So, an individual may now join NPS even after 60 years of age till becoming 65 years old and the NPS beneficiaries may continue the scheme till 70 years of age. Individuals joining the scheme after 60 years of age will have the option of normal exit after 3 years from the date of joining.

Commutation and Pension
On normal exit a beneficiary gets the option to commute up to 60 per cent of retirement corpus and needs to invest at least 40 per cent of the corpus amount to buy a pension plan from an IRDA-regulated insurance company.

However, if a beneficiary, who joined after 60 years of age, moves out of NPS before completion of 3 years from the date of opening a Tier-1 account, 80 per cent of the corpus has to be used to buy a pension plan and only 20 per cent can be commuted.

Amount of Pension
The amount of pension will depend on the rate of annuity offered by the pension provider – i.e. the insurance company from which a pension plan is purchased – at the time of buying the pension plan.

The annuity rate depends on the overall interest rate in the economy. That means, if the key policy rates set by the Reserve Bank of India (RBI) are high, the annuity rate will be high and if the policy and Bond/FD rates are low, the annuity rate will also be low.

Apart from the overall interest rates, the annuity rate will also depend on the annuity option chosen. For example, the rate of annuity for the "annuity for life" option will be higher than the "annuity for life with return of purchase price" option.

So, the amount of pension will depend on the amount of corpus invested, overall interest rate in the economy, the rates offered by the insurance provider and selection of the annuity option.

(The writer is Amitava Chakrabarty.)

TOP

NPS subscribers can claim this income tax benefit even after opting new regime – Live Mint – 2nd August 2021

Income tax calculator: In the Union Budget 2020, Finance Minister Nirmala Sitharaman introduced a new income tax regime, giving taxpayers an option to choose a tax slab that had lower rates to pay. However, after opting this new income tax slab, the taxpayer had to lose all income tax benefits like Section 80C, Section 80 CCD (1) and many more deductions and exemptions that are around 70 in numbers. But, for those employees, whose employer is contributing to its National Pension System or NPS account, income tax deduction under Section 80 CCD (2) is available even when they have chosen new income tax regime. Speaking on income tax benefit available for NPS scheme beneficiaries in new income tax regime; Pankaj Math pal, Founder & CEO at Optima Money Managers said, "Income tax deduction available for NPS subscribers under Section 80 CCD (2) of the income tax act, is on the employer's contribution to one's NPS account. Since, it is not a part of one's annual income, NPS scheme beneficiaries can claim income tax deduction on its employer's contribution to its NPS account, even after opting for the new income tax regime." He said that all those employees whose employer has implemented NPS scheme can claim this deduction even after choosing the new income tax regime.

On how much income tax deduction NPS subscriber can claim after choosing new income tax regime; Amit Gupta, Managing Director at SAG Infotech said, "The new income tax regime allows a deduction under section 80 CCD (2) of the Income-tax Act, 1961, which is available if an employer contributes to an employee's NPS account. The maximum deduction an employee can claim is 10 per cent of annual salary, where annual salary means basic plus dearness allowance (DA)."

The Managing Director of SEBI registered income tax solution provider company went on to add that in new income tax regime, a taxpayer is allowed to claim income tax exemption on the conveyance allowance received to meet the conveyance expenditure incurred as part of the employment as well.

(The writer is Asit Manohar.)

TOP

How NPS subscribers will benefit from pension funds' IPO investment – Live Mint – 1st August 2021

To make National Pension System (NPS) more lucrative for the NPS account holders, the Pension Fund Regulatory and Development Authority (PFRDA) had given various amendment proposals in the Pension Amendment Bill. Out of those PFRDA proposals, the Government of India (GoI) has accepted raising the FDI limit in pension funds from 49 per cent to 74 per cent and allowing pension funds to invest in IPOs (Initial Public Offerings).

In fact, the GoI has implemented these PFRDA proposals in regard to the NPS scheme as well. The PFRDA Chairman Supratim Bandyopadhyay informed about the government's nod in an exclusive conversation. He said that the nod to raise FDI limit in pension funds and allowing pension funds to invest in IPOs will trickle down to the NPS subscribers' return in the long-term.

Speaking on the PFRDA proposals that have been accepted by the GoI; Supratim Bandyopadhyay, Chairman at PFRDA said, "The GoI has accepted our proposal to raise FDI limit in pension funds from 49 per cent to 74 per cent and has also agreed to allow pension funds to invest in IPOs. Benefit of this GoI nod will trickle down to the NPS account holders' return in the long-term."

Supratim Bandyopadhyay of PFRDA went on to add that earlier pension funds were allowed to invest in those stocks that had ₹5000 crore market capital and at the same time it had presence in the Future &

Option or F&O segment. In the changed scenario, a pension fund will be able to invest in top 200 companies of the Indian bourses.

Speaking on how pension fund investment in IPO will lead to rise in NPS subscribers' income; SEBI registered tax and investment expert Jitendra Solanki said, "Raising the FDI limit in pension funds from 49 per cent to 74 per cent will lead to rise in sustainability of the pension funds as they will have more capital for investment. Having being allowed to invest in IPOs, pension funds will have an option to create a new avenue for revenue as a company with strong financials and better business model and outlook is expected to beat the benchmark return in long-term by at least one per cent. This will definitely trickle down to the NPs subscribers in the form of NPS return."

(The writer is Asit Manohar.)

TOP

Investment in IPOs: PFRDA asks pension funds to formulate board-approved investment policy - The Hindu Business Line – 31st July 2021

Pension regulator PFRDA has advised pension funds to formulate a detailed policy on investment in Initial Public Offer (IPOs) and get it approved by their boards. The investment team of these funds can take a decision on a day-to-day basis subject to compliance of the investment policy, the PFRDA said.

This has been stipulated in the latest guidelines for pension funds for investments in IPOs, Follow-on-Public Offering and /or Offer for Sale under the National Pension System and other pension schemes regulated/administered by the Authority.

The Pension Fund Regulatory and Development Authority (PFRDA) has, in the advisory on the guidelines, stipulated that investments can only be made in equity shares of such companies through IPO where the full float market capitalisation using the lower band of the issue price of the IPO is higher than the market capitalisation of 200th company in the list of top 200 stocks of body corporates listed on BSE or NSE as provided by the NPS Trust. The introduction of this threshold would mean that pension fund managers would not have the leeway to invest in IPOs of very small and mid-sized companies. A back-of-the-envelope calculation showed that IPOs of companies with post issue market capitalisation of over ₹20,000 crore may only be eligible for investment of pension monies, capital market observers said.

As regards investment in follow-on public offer (FPO) or Offer for Sale (OFS), the guidelines said investment in equity shares can be made in the shares of body corporates listed on the BSE or NSE, which are in top 200 stocks in terms of full market capitalisation. The pension funds have been advised to adopt the last published list of stocks prepared by the NPS Trust in this regard from time to time.

Raising FDI

The pension regulator's move to allow pension funds to invest in certain IPOs and FPOs/OFS companies that form part of top 200 list of BSE/NSE comes on the heels of raising the foreign direct investment (FDI) from 49 per cent to 74 per cent.

Hitherto, pension funds were allowed to invest only in the listed shares of companies on the BSE or NSE, which had market capitalisation of not less than ₹5,000 crore and forming part of the F&O segment as on date of investment. Pension assets under management (AUM) in the country has been growing at over 30 per cent and had recently surpassed the ₹6- lakh-crore mark. PFRDA expects the total AUM to touch ₹7.5 lakh crore by end-March 2022.

(The writer is KR Srivats.)

TOP

IRDAI CIRCULARS

Topic	*Reference*
Guidelines on settlement of Life Insurance Claims to the victims of Flood in Maharashtra	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4537&flag=1
Solvency Margin for Crop Insurance Business	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4534&flag=1
List of Valid Insurance Brokers as on 1st Aug 2021	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo2120&flag=1

TOP

GLOBAL NEWS

Taiwan: Non-life market grows by 6.2% to US$6.8bn in 2020 – Asia Insurance Review

The direct written premium income of Taiwan's non-life insurance industry continued to grow in 2020, reaching NT$188.1bn ($6.8bn), according to statistics released by the Taiwan Insurance Institute.

The figure represents an increase of 6.20% over 2019 mainly due to the higher growth rate of fire insurance and automobile insurance. This overall rate of increase, though, was lower than the 6.96% seen in 2019.

Motor insurance

The total premium income generated by automobile insurance in 2020 reached NT$101.6bn, increasing by 7.32% when compared to NT$94.7bn in 2019. Premium income from voluntary automobile insurance grew by 8.8% year on year to NT$83.3bn in 2020 while that from compulsory automobile insurance increased marginally by 1.1% to NT$18.3bn.

Motor insurance business accounted for 54.00% of the overall non-life insurance market in premium volume.

Line	2020		2019	
	Premium NT$ m	Y-on-Y change %	Premium NT$ m	Y-on-Y change %
Motor	101,586	7.32	94,654	5.72
Fire	29,096	12.41	25,882	0
Marine cargo	4,772	-0.02	4,773	-1.81
Marine hull	2,938	25.06	2,349	6.53
Aviation	808	14.16	708	1.29
Engineering	7,134	6.12	6,723	53.43
Miscellaneous Casualty	41,776	-0.63	42,041	10.50
Total	**188,110**	**6.20**	**177,130**	**6.96**

There were two major reasons for the growth of automobile insurance in 2020. First, the premium rate of voluntary third-party liability insurance was increased. Second, the COVID-19 pandemic was well-controlled in Taiwan which contributed to stable vehicle sales.

Sales of new vehicles increased to 457,000 in 2020 from 439,000 in the previous year. Imported vehicles saw a rising share of Taiwan's auto market. A summary of the premium income and growth rates of the different classes of non-life insurance is as follows:

Claims

The overall claim payouts made by non-life insurance companies amounted to NT$89.9bn in 2020, up by 2.1% year over year and was mainly due to automobile insurance.

Profits

In 2020, non-life insurance companies reported an earned net loss ratio of 56.6%, representing an increase of 0.3 percentage point in comparison with 56.3% reported for 2019. The net income posted by the non-life sector reached NT$14.8bn in 2020, 8.1% higher than in 2019.

TOP

Asia: Insurance pricing in the region rises by 6% in 2Q2021 – Asia Insurance Review

Insurance pricing in the second quarter of 2021 in Asia increased 6% year-over-year, according to the July 2021 Marsh Global Insurance Market Index. In comparison, globally, rates accelerated at a slower pace, rising 15% in the June quarter from the 17.6% increase in the preceding period.

Marsh, the world's leading insurance broker, says that in line with other regions, pricing in Asia continues to be driven by property insurance and financial and professional lines.

Property insurance pricing in Asia rose by 7%, the 11th consecutive quarter of increase. Pricing increases continued to moderate across the region from the prior quarter. Local capacity in many jurisdictions remained competitive as clients seeking international capacity experienced the largest pricing increases. Insurance markets continued to be attracted to smaller organisations.

Casualty insurance pricing was generally flat, as it has been for three years. Ample insurance capacity and a benign claims environment helped keep pricing stable. Challenges continued in product recall and products liability, driven by claims performance and reduced insurer appetite.

Financial and professional lines pricing rose 24%, the largest increase since the inception of the Marsh *Global Insurance Market Index* in 2012 and the 11th consecutive quarter of increase. Stringent underwriting, reduced capacity, and risk selection, particularly from global insurers, contributed to pricing increases. Insurers were highly selective on US-listed D&O; rate increases ranged from 75% to 100% for some accounts on the primary layers amid limited insurer appetite.

For larger financial institutions, insurers pushed to increase retentions and rates and imposed coverage restrictions on the most challenging risks. The cyber insurance market faced considerable pressure on rates and deductibles, with a reduction in capacity and a narrowing of key coverage, driven by significant ransomware losses.

TOP

Malaysia: Health insurance to drive non-life market - Asia Insurance Review

The health line of business is expected to remain an important driver of the Malaysian non-life industry's growth, says AM Best as it assigns a "stable" market segment outlook to the sector. In its Best's Market Segment Report, "Market Segment Outlook: Malaysia Non-Life Insurance," AM Best states that a slight contraction in non-life insurance premiums was offset partially by growth in health insurance, as the pandemic boosted demand and raised awareness for health and medical products.

In ascribing the non-life sector outlook as "stable", AM Best cites the underwriting discipline and robust pricing, as well as increased use of digital solutions to enhance data and pricing capabilities, claims automation, product innovation and distribution.

Economy

However, the economic fallout from COVID-19 is expected to remain a key challenge for the Southeast Asian country's non-life segment for at least the near term. Economic recovery likely will be affected adversely by the need to impose periods of stricter COVID-19 containment measures, such as those seen in May, June and July 2021. Furthermore, the effectiveness of the country's COVID-19 vaccination programme will be instrumental in allowing the country to open up more freely over the months ahead.

According to AM Best, Malaysia's non-life market has made good progress in upgrading its infrastructure to enable minimal disruption in a remote working environment, as well as in expanding digital platforms to manage operations. AM Best notes that most insurers now have an established framework and developed risk management guidelines to govern a digital-based remote working environment during periods of movement control orders with business contingency plans set up.

Capital market volatility remains a risk over the near term and is likely to be dependent on ongoing global and regional developments, as well as management of the pandemic. In response to these market conditions, AM Best expects the segment's non-life insurers to continue to closely monitor their underlying risk exposure to various investment classes and adjust and refine their portfolio allocation as part of their risk management approach.

TOP

Taiwan: Half of working population wary of inadequate retirement funding - Asia Insurance Review

Just more than half (50.4%) of the working population, especially the young, believe that they would not have enough retirement funds, according to a survey published by Taiwan Life Insurance and National Chengchi University Business School. Respondents' concerns revolve around the four major areas of retirement preparation, retirement financial management, medical protection and long-term care.

The poll findings also show that 72.1% of respondents believe that they should continue to manage their finances after retirement while 57.5% are willing to continue working beyond retirement age because they are worried about retirement funding. Furthermore, 74.1% of respondents who are working fear that the government would reduce future benefits under the Labour Pension System.

More than half of respondents believe that pension reform is urgent and that the retirement funding gap is a serious problem. Despite worries over pensions, 40% say that they have made no plans for retirement savings. 95% are concerned about future healthcare funding in the public health system. More than 60% are not familiar with the long-term care system and commercial long-term care insurance. Around 35% have bought long-term care insurance. The survey polled around 1,200 retirees and working people aged over 25 by telephone from 5-25 May.

TOP

Thailand: Regulator extends insurance coverage to COVID-19 home and community isolation patients - Asia Insurance Review

The Office of Insurance Commission (OIC) has said that COVID-19 patients in home and community isolation programmes are eligible for reimbursements from insurance companies. OIC secretary-general Suthiphon Thaveechaiyagarn said the COVID-19 crisis shows no signs of abating and hospital beds are beginning to run short, according to a report by The Bangkok Post.

Even though field hospitals have been set up, the Public Health Ministry is still pressing ahead with guidelines to boost home and community isolation programmes, Mr Suthiphon said. He said health insurance policies normally do not cover treatment costs for patients in home and community isolation. In light of this, the OIC discussed the issue with the Thai Life Assurance Association and the Thai General Insurance Association. They agreed the industry must step in to help these patients, Mr Suthiphon said.

The new order covers all policies issued from 29 July until 30 September, Mr Suthiphon said. It is unclear what the pay-out ratio would be in these cases. Under the order, insurance companies will also pay up to

14 days of daily compensation as written in insurance policies to patients who require medical treatment but are not hospitalised due to bed shortages, Mr Suthiphon said.

TOP

Australia: ASIC releases guide to implement new add-on insurance deferred sales model - Asia Insurance Review

The Australian Securities and Investments Commission (ASIC) has released a new regulatory guide and final customer information requirements as part of its work to implement the new deferred sales model for add-on insurance (RG 275). The deferred sales model introduces a mandatory four-day pause between the sale of a principal product or service and the sale of add-on insurance. The deferred sales model was introduced by Parliament in December 2020, following a recommendation of the Financial Services Royal Commission.

The Royal Commission found numerous issues in the add-on insurance market, including poor-value products, unfair sales practices and outcomes, and worse claims outcomes than in other insurance markets. RG 275 provides guidance to the industry as they prepare to comply with the deferred sales model from 5 October 2021. It follows consultation on the draft proposals with stakeholders. As required by the reforms, ASIC has made an instrument specifying the information that must be given to a customer to start the four-day deferral period, and how that information must be given. Deputy Chair Karen Chester said, “This is a key government reform aimed squarely at improving consumer outcomes in the add-on insurance market. The pause in the sales process will give people time to consider the insurance they’ve been offered, and compare it with alternatives. It will reduce the risk of people buying insurance on the spot that is poor value or just not right for them.”

Reform

The deferred sales model is part of a suite of government reforms in the insurance sector that will improve how insurance products are designed and sold, and how claims are managed. ASIC’s work in recent years found that add-on insurance was poor value – for every dollar paid in insurance premiums by consumers in car yards, they received just 9 cents back in claims. For consumer credit insurance sold by lenders, only 19 cents was recovered in claims for every premium dollar which consumers paid. The Royal Commission Final Report recommended an industry-wide deferred sales model for add-on insurance products, recognising concerns that these products represent poor value for consumers. The Royal Commission reported that insurers paid more in commissions than in claims; and consumers were at risk of unfair sales practices and adverse outcomes.

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