



भारतीय बीमा संस्थान  
INSURANCE INSTITUTE OF INDIA

# INSUNEWS

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## QUOTE OF THE WEEK

“Peace is a journey of a thousand miles and it must be taken one step at a time.”

Lyndon B. Johnson

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## INSURANCE TERM FOR THE WEEK

### **Fire Damage**

Fire damage refers to the physical damage to a property as a result of burning. This damage may either be directly caused by the flames or could occur due to smoke and other corrosive substances emitted by the fire.

In terms of insurance, fire damage is one of the types of coverage offered in property insurance.

The six types of fire damage are as follows:

- Class A: fire that involves flammable solids, such as paper, cloth, wood, and plastics.
- Class B: fire that involves flammable liquids or solids that can turn into liquids.
- Class C: fire that involves flammable gasses, such as propane, hydrogen, natural gas, and butane.
- Class D: fire that involves combustible metals, including sodium, magnesium, and potassium.
- Class E: fire that involves factors in Class A and B as well as electrical elements.
- Class F: relatively hotter and more destructive fire that involves cooking oils and fats.

Furthermore, many insurance companies divide fire damage into two categories: primary and secondary. The former refers to damage caused by the flames, while the latter refers to damage caused by smoke or other substances from the fire.

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## INSURANCE INDUSTRY

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### **Online players, agents may have to disclose insurance commission – Business Standard – 29th June 2022**



Online platforms such as Policybazaar and Acko, as well as corporate agents, may have to disclose the commissions they receive from insurance companies for selling their policies. The move is aimed at pushing transparency and customer protection. It would also put an end to misselling of products that have high commission or rewards. Web aggregators may have to come up with a specific section for 'insurance policyholder protection.' They will have to disclose the commission rates and rewards that they are entitled to receive from insurance companies for selling their products. Reporting of commissions may also be made mandatory for corporate agents and brokers. The

Insurance Regulatory and Development Authority of India (IRDAI) is considering a proposal that seeks to have a single limit for expenses made by insurance companies. These will include operating expenses, commissions and rewards given by insurers. Under the current practice, there is a separate limit for expenses allowed at the business level and for operations, commissions and rewards. The proposal is to ensure appropriate market conduct and expense management by insurance companies.

Insurers may also have to disclose commission for every policy along with the name of the intermediary. The step is aimed at making customers aware of what is genuine advice and business interest, an official said. With appropriate disclosures, customers would have a clear idea whether agents are trying to sell a high-commission insurance product, an official said. This would also promote a culture where customers would tell aggregators and agents to provide more services such as premium reminders and assistance with documentation, among others, said the official. Even as there are caps on commissions based on the category of products being sold, web aggregators, agents and brokers are offered high rewards, the

official said. Currently, rewards are given to intermediaries if their revenue from insurance activities is more than 50 percent of their total revenue. These intermediaries are entitled to get rewards of not more than 30 percent as commission or remuneration. There may be a uniform reward cap for all intermediaries, irrespective of their income from insurance business. It may be limited to 30 percent. Moreover, insurance companies cannot offer any rewards to individual employees of intermediaries. Insurance firms may also not be allowed to provide any other remuneration, directly or indirectly. Non-compliance may invite action from the regulator.

*(The writer is Nikunj Ohri.)*

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### ***Insurtech disrupting claim settlement - Where technology meets person centricity - Financial Express - 28th June 2022***



Claim settlement is perhaps the most critical yardstick for any customer to choose an insurer. However, claims have forever been an agony for customers as claim settlement is always shrouded with opaqueness. Customers look forward to a claims experience which is simple and seamless. InsurTechs have been able to address this challenge, largely. With the evolution of the InsurTech landscape in India and its corresponding technology-led innovation, claims are now a lot less cumbersome than they used to be.

With the effective usage of technology, InsurTechs have automated several processes of claim settlement, thereby resulting in faster turnaround and increased efficiency.

Large volumes of claims are now processed at a much faster rate. For example, WhatsApp is now being used to share claim related documents and other information which has made the process efficient and reduced the initial document verification time.

Such is the impact of technology on the overall insurance industry and especially on claims that every day we are witnessing several use-cases of high precision and proficiency. This leads to an important question – in this technology led disruption brought about by the InsurTechs, is there a role of people centricity?

We might be living in an automated world, but nothing can replace human touch. Technology undeniably remains significant too but when it comes to insurance, it wouldn't be wrong to say that technology is the brain while customer service is the heart. It is this interplay of superior technology and customer centricity that makes InsurTechs better poised to drive the change in Indian insurance.

The next critical question is how to drive people centricity in the era of automation? According to Harvard research, the greatest obstruction to client centricity is the absence of a client-driven organisational culture. As the insurance business thrives, customers today are more aware, educated and demanding. In the new age, for insurance, it is essential to track client connections as much as meet business goals and objectives.

#### **Adding the human touch**

The major difference between a machine and a human is emotion. Technology falls flat if human intervention is completely wiped off. Having a sensitive side to it, insurance must include human touch to soothe a person in distress. During an emergency when emotions run high, you need human assistance to help you navigate through a crisis. In such life and death scenarios, human touch reigns supreme. In an article, Deloitte attributes insurance professionals in the US to state that while automation can reduce time and overall expenses, it doesn't necessarily mean that companies should shut down customer

interaction, which is an essential element to add to the overall experience, especially in case of an emergency.

### **How can InsurTechs strike a balance?**

A study suggests that nearly 79% of clients lean toward talking with insurance specialists rather than bots. Furthermore, in insurance where trust and time are equally critical, people exhibit more sensitivity, compassion and empathy. InsurTechs should therefore invest in making customer service 24/7 to meet the human needs of their clients especially those in distress. Customer service personnel should remain in touch with the customers from the minute of hospitalization, in case of cashless claims and right up to the last mile when the cash is deposited in the bank for reimbursements.

There is no replacement to a comforting human voice who could take the customers through the various nitty-gritties of claims such as network hospitals, exclusions etc. during anxious moments. A calm and composed human voice providing assurance is all that a customer asks for.

### **Net Promoter Score**

Net Promoter Score (NPS) measures customer experience and predicts business growth. It is a client satisfaction and service quality metric which is determined through a single question that is asked to customers – how likely they are to recommend a brand to their known circles. A low NPS signifies high detractors and high NPS indicates an increasing number of customers are promoters. Bain & Company, the creators of NPS, states that a good NPS score is 0 and above is categorized as excellent and above 80 is world class.

One of the global giants in the insurance space, Allianz, has an overall NPS of 79, a unique feat in the insurance industry. Allianz's success story is a perfect example of an interplay between technology and customer-centric culture which has ensured excellent customer service year on year. Taking a cue from the Allianz NPS case study, one can safely say a high NPS in claims journey cannot just be a factor of digital alone and it requires trust, intuition and a human touch. It is imperative for InsurTechs to introduce the NPS metric in claims and also for customer service teams to engage with their customers with empathy and compassion and support them during their claims journey equally through thick and thin.

### **Conclusion**

InsurTechs have clearly demonstrated a better tech integration which has made insurance and claims settlement a lot simpler for many. By fusing client-centricity as a centerpiece of their business model, strategy, and company culture along with technology they can create a far superior impact on every aspect of insurance including claim settlement. It will help build a long term relationship with the customer.

*(The writer is Debankur Biswas.)*

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### ***Awareness key to increasing insurance coverage in India, say experts – CNBC – 28TH June 2022***

The Insurance Regulatory and Development Authority of India (IRDAI), along with the industry, has hardly left any stone unturned to make people aware about the need to have adequate insurance cover. However it was the pandemic that set the wheels in motion, and now it's up to the insurance industry to keep the momentum around insurance awareness going, say experts. As India celebrates National Insurance Awareness Day on June 28, CNBC-TV18 spoke to Bhargav Dasgupta, Chairman of FICCI committee on insurance; Ritesh Kumar, Co-Chair of FICCI committee on insurance; Prashant Tripathy, Co-Chair of FICCI committee on insurance; and Mayank Bathwal, Co-Chair of FICCI taskforce on health insurance, to discuss the road ahead for the insurance sector.

Tripathy said a lot of work needs to be done to increase awareness about necessity of insurance. "To give impetus to insurance, the foremost thing is awareness. The overall awareness about what insurance is and how it serves, and why it is needed is something where there is lot of work that needs to be done." He

added the insurance industry needs to focus on improving product category and distribution in order to reach smaller cities and villages in a more economical manner.

“Government schemes like Pradhan Mantri Jeevan Jyoti Bima Yojana drive insurance penetration rather quickly, but bigger elements must come from life insurance in terms of what needs to be sold, how do we build our distribution so that we are able to reach out to smaller cities, villages in a more economical manner etc.”

*(The writer is Yash Jain.)*

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### ***Insurance penetration requires improving awareness and trust, say industry leaders ahead of National Insurance Awareness Day – The Economic Times – 27th June 2022***



The Covid-19 pandemic may have done what no amount of marketing by insurers has done but there’s still an urgent need to do more to create awareness, build trust, enhance ease of process, and improve access to boost penetration levels in India, the chief executives of several insurance companies said in an ET CEO Roundtable, ahead of the National Insurance Awareness Day. Insurance penetration in India – measured as the percentage of insurance premium to GDP – has seen a steady rise to 4.2 percent in FY21, according to the Economic Survey 2022, but this still remains far less than the global average of 7.2 percent. Life insurance penetration in India was pegged at 3.2 percent, almost on

par with the global levels of 3.3 percent, while non-life insurance stood at 1.0 percent, lagging the global penetration of 3.3 percent.

Ahead of National Insurance Awareness Day on June 28, at an ET CEO Insurance Roundtable on ‘Simplifying Insurance for India: Rethinking Products and Processes’, industry leaders Amit Malik, CEO and MD of Aviva Life Insurance Co Ltd, Satishwar Balakrishnan, CEO and MD of Aegon Life, Tapan Singhel, MD and CEO of Bajaj Allianz General Insurance, and Mahesh Kumar Sharma, MD and CEO of SBI Life Insurance deliberated on how Indian insurance companies need to leverage technology to drive insurance penetration in India and cater to the changing needs of customer.

At the ET CEO Insurance Roundtable – which is among a series of discussions that are part of an ET.com initiative to boost financial literacy for the next billion users – the CEOs of insurance companies also highlighted steps that need to be taken to build greater customer trust in the insurance industry as well as improve access to insurance for Bharat or first-time online users from across beyond the metros.

#### **Need for more awareness creation**

Insurance in India has always been focused on traditional products from the beginning but it was due to the Covid-19 pandemic that people understood the need for insurance to ‘future-proof’ their lives, rather than looking at it merely as a savings tool or an investment product, Mahesh Kumar Sharma, MD and CEO, SBI Life Insurance, said at the panel discussion moderated by Miloni Bhatt, Digital Broadcast Editor, [Economicstimes.com](http://Economicstimes.com).

Outlining the reasons for low insurance penetration in India compared to other countries, Sharma said, "One of the things that we need to rectify going forward, is to educate people about the importance of insurance in one's life and the need to explain to them why insurance should be a part of their entire investment or future proofing philosophy," said Sharma. The increasing digital penetration in the wake of the Covid-19 pandemic as well as the resultant change in the consumer behavior is reshaping the insurance industry in India, with digitally savvy customers looking for personalisation and flexibility, among other facilities in their insurance products. Besides, a boom in the insurtech industry and an

ecosystem push towards the use of new age technology like AI, big data, etc. is changing the way insurance has traditionally been provided in India.

Still, more needs to be done to improve insurance penetration among different sections of the population, including the self-employed, as a large percentage of India's population currently exists outside of the insurance safety net, said Satishwar Balakrishnan, CEO and MD of Aegon Life. Balakrishnan pointed out that close to 80-90% of the people in our country are not insured and even within the 10% population which is insured, a large chunk of it consists of people who are salaried. This means that insurance penetration is especially low among the self-employed section of the Indian population, which accounts for a significant portion of the working population.

### **Leveraging digital to reach Bharat**

"This whole gap can be filled out only if we make insurance 1) very easy and 2) very accessible. And the only way we can reach out to this population is using digital. And digital is the only medium that I think can have the speed and the scale to reach our vast country and actually get into the interiors," Balakrishnan said.

He further added that this was in fact based on the way digital has actually made inroads into a lot of rural and small towns in India. For example, rural India actually has a 20% higher presence of internet users than the urban parts of the country.

"Just to sum it up, if I actually look at the entire population, which is (made up largely of the) self employed and the larger population in the country, what we call as the Bharat space, those people are totally getting left out," said Balakrishnan.

A study conducted by Policybazaar earlier this year – to understand the changing consumer sentiment towards insurance purchase, household finances, and investments over the last two years of the pandemic – also found that people from tier-2 and tier-3 cities are now showing an interest in insurance products.

### **Improving access to insurance**

Beyond technology, there is a need for insurance companies to work towards building greater customer trust in the industry and improving access to insurance by rethinking various processes and rules, such as the GST rate for insurance products, the CEOs of various insurance companies said during the ET CEO Insurance Roundtable, launched as part of an ET.com initiative to boost financial literacy for the next billion Indian online users.

Sharing his views on the 18% GST rate, Amit Malik, CEO and MD of Aviva Life, said that it is vital that the GST rate be reconsidered for insurance products. "The new chairman of the regulator has laid out a vision of saying, 'insurance for every Indian,' which is very good and it's very positive. To expand the market, I think it's important that there is a prudent call that is taken as to what's the right GST percentage there, (which) will surely make the product more accessible," said Malik.

Echoing similar views, Tapan Singhel, MD and CEO of Bajaj Allianz General Insurance, said, "I strongly believe that things which are for social good can't have high GST. If you look at GST for healthcare, which is much lower, and health insurance (which is at) 18% GST, there is a clear mismatch. I think that has to be looked into and is not something that we should be shy of talking about."

### **Building trust in the industry**

On building customer's trust in the insurance industry and simplifying the whole claim settlement process, Singhel said that the problem for the industry to solve is to actually make the process of claiming payments frictionless and very straightforward," said Singhel.

"So I think the problem to solve is how do you make the process of claims so frictionless that the customer feels, 'wow, it was so good to insure'. The industry is paying claims, it's not that they're not paying claims. It is the frictionless part, where the trust part comes in, that needs to be solved," Singhel added.

Insurance customers on digital today enjoy better service due to end-to-end digital experiences that leverage technological applications, which, in turn, is expected to drive growth for the industry. The insurance market is expected to reach nearly \$222 billion by fiscal 2026, with new online distribution models such as business to consumer (B2C), business to business (B2B), and business to business to consumer (B2B2C) set to be key drivers of growth, according to a recent RedSeer report. To be clear, the CEOs of Indian insurance majors agree on the need to leverage technology to reach large swathes of the population and fulfill the insurance regulator's goal of providing insurance for every Indian.

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### ***Wait for GST reduction on life, health insurance gets longer as GST Council's Fitment committee turns down proposals - The Hindu Business Line - 26th June 2022***



The committee of revenue officials from the Centre and States attached to GST Council has turned down proposal to lower tax rate on premium related with all kind of insurance from life to health to third party. The committee, known as Fitment Committee, examines proposal for changes in rates for goods and services and accordingly recommend 'YES', 'NO' or 'Defer'. Based on these recommendations, GST Council gives its final recommendations which is then implemented through legislative changes and sub-ordinate legislations by the Centre and States/Union Territories (with legislature). Documents, as seen by BusinessLine, showed a proposal was placed before Fitment Committee to give its

suggestion on removal of GST on life and health insurance policy. However, the committee felt "exemption or lowering of tax will lead to cascading of input taxes and result in distortion of tax structure." Accordingly, it recommended no change for both life and health insurance.

At present, for life insurance, GST is applicable in three situations - Insurance Risk Premium, fee & delayed loan interest paid due to delay in payment of premium and interest in time, and Annuity Policies. Baseline rate for GST is 18 percent, though it is 4.5 percent on first premium and 2.25 percent on second and onwards premium. Also, it is 1.8 percent for single premium annuity policy. In case of health insurance, GST is applicable at the rate of 18 percent on premium. There has been consistent demand for reduction, but every time it has been turned down. This April, in a reply to question in Lok Sabha, Finance Minister Nirmala Sitharaman had said health insurance, like majority of other taxable supplies is standard rated at 18 percent. In pre-GST regime also, health insurance was standard rated. Further, insurance schemes such as Rashtriya Swasthya Bima Yojana (RSBY), Universal Health Insurance Scheme, Jan Arogya Bima Policy and Niramaya Health Insurance Scheme that are catering to economically weaker sections of the society and differently abled, are already exempted. Further, healthcare services are also exempt from GST. Representations to reduce the GST on health insurance were placed before the GST Council in its 31st meeting held on December 22, 2018. In its 37th meeting held on September 20, 2019, GST Council did not make recommendation for reduction of GST, she clarified.

There was a proposal to provide blanket exemption from GST to general micro insurance products. These include health insurance contract, any contract covering belongings such as hut, livestock, tools or instruments and any personal accident contract that can be on an individual or group basis. Since, life micro insurance products having sum insured up to ₹2 lakh are exempt from GST, so demand is to do the same for such general insurance products too. The Committee felt since some of such general micro insurance products are already exempted, so there may not be much merit in granting blanket exemption. Another proposal before Fitment Committee was to exempt GST on third party insurance for commercial vehicles. At present rate is 18 and 12 percent. Two arguments were given - category wise share of accidents from trucks is less and no ITC for GST is claimed by majority of truck operators. After

consideration, the committee opined that rate has already been lowered to 12 from 18 percent. Further reduction will result in revenue and loss and distortion of ITC (Input Tax Credit) chain. Accordingly, the committee suggested for no change.

*(The writer is Shishir Sinha.)*

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## LIFE INSURANCE

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### ***Time for Gen Z to consider life insurance: Vinit Kapahi – Bold – 30th June 2022***

A recent survey by Deloitte reveals that a high percentage of Gen Zs feel stressed, aren't confident whether they will be able to retire with financial comfort, and don't feel financially secure. Most of them lead a healthy and active life which puts them off from thinking of Insurance as a necessity. However, they haven't been able to connect wellbeing and life insurance yet. The benefits of a life insurance policy start reflecting only in the long run, and it is easy to assume that it is not paying off- but it is! On National Insurance Awareness Day, Mr. Vinit Kapahi, Head of Marketing, Aviva India, shares 3 things Gen Z should know about life insurance.

"Gen Zs are just beginning their career, hustling and are busy working hard in this fast-paced world, has and often don't have the time and skills to manage their financial portfolio optimally. For such people, Unit Linked Insurance Plans (ULIP) provide an effective way to participate in the market as well as an insurance cover to deal with uncertainties of life." Kapahi said.

Adding to that, Vinit Kapahi further emphasized the significance of a guaranteed plan for an easy retirement. "A Guaranteed Plan is a financial product that provides guaranteed payments in a lump sum or as regular payouts over a period of time. One just needs to pay their premiums and choose how they wish to receive their returns – monthly, quarterly, half-yearly, yearly or all at once."

Lastly, he concluded by suggesting that life insurance is a tax-saving instrument. "Life insurance policy can also help purchasers save money on taxes under Section 80C of the Indian Income Tax Act. One can claim a deduction from their taxable income on the premium paid towards life insurance for self, spouse, or children up to Rs. 1.5 lakhs." he explained.

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### ***'We'll start NPS operations in early September quarter of FY23' – Live Mint – 29th June 2022***

Insurance provider, Max Life Insurance, has secured licences for Pension Fund Management (PFM) and is shortly expected to commence operations. It is one of the three new firms including Axis Asset Management Company and Tata Asset Management Company to have secured such licences in the past year. The company also has licences for point of presence (NPS distribution) and for providing annuities. **Prashanth Tripathy, CEO, Max Life Insurance**, speaks on the company's plans around its pension fund business. Edited experts:

#### **What is your broad strategy for NPS?**

We have seen growth in NPS assets under management over the last five years at a CAGR of 37 percent, which is quite robust. Slowly, NPS is becoming more and more prominent in the total retirement funds market. As a life insurance company, Max India already provides retirement solutions such as immediate or deferred annuities. However, it absolutely made sense for us to look at retirement as a market in a 360-degree manner. And with that belief, we have taken a licence from the pension fund regulator, PFRDA, to start a 100 percent subsidiary of Max Life Insurance called Max Life Pension Fund Management. In addition, we also have a licence to be an annuity service provider, or ASP. As an organization, we can also provide an annuity for other pension funds also.

**Are there any reforms you would like to see, particularly in NPS. For example, more flexibility with investment, going into small caps — is this something that you think needs to happen in the next one or two years?**

Yeah, definitely. Looking at low credit bonds, taking more risks, and looking at alternate asset classes will definitely be a possibility, but those things will happen as the business matures. I'm very happy with the current level of flexibility already and, for a new organization like ours, this is good enough to start. But as time passes, I think, making the distribution more lucrative, creating ecosystem and frameworks around faster growth around distribution, easy empanelment of subscribers is needed. Those are things where we would definitely work with the regulator to see how best it could be expedited.

*(The writers are Neil Borate and Navneet Dubey.)*

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## GENERAL INSURANCE

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### *The bright spots of the Indian insurance over next decade - V C Circle - 29th June 2022*



The insurance sector in India is on an upward trend and startups are at the forefront. Distribution and servicing in general insurance has been raised to a higher level.

Insurance penetration in India for the non-life segment is now around 1.0%, a significant increase over the past decade but still quite under-penetrated (emerging Asia is at 1.7% and the world average is over 4%). The majority of premiums in non-life are taken up by motor and health - thanks to dozens of well-funded startups in the B2C segment. The elevation of offerings is quite dramatic (for example, instant policy purchase, seamless and quick claims settlements, user friendly interfaces, etc). Companies like Loop, Plum, Onsurity and others

have built innovative offerings for corporate health insurance which has become much easier to procure and manage.

However, other parts of business insurance remain stuck in time - such as directors and officers liability, cybercrime, product & other liability and the likes. They are still being sold as they were twenty years back. Many of the buyers for these are first-timers, and the requirements and the risks are evolving. Take the fintech sector for instance, irrespective of whether it's a B2B or B2C play. Every proposition relies on a ton of transaction data and typically for millions of users. This makes it a perfect feeding ground for cyber-criminals. While fintechs have to build proactive IT defenses to protect them from malware attacks and data breaches, it's almost impossible to predict and prevent all cyber attacks in real-time. This is where a cybercrime policy comes into use. Cybercrime incidents shot up by 69% in 2020 per FBI data and some reports suggest cyber insurance can be a \$20 bn industry by 2025 - a growth of nearly 3 times in just five years.

Cybercrime is one example. Other so-called "white-collar" risk-covers are sorely needed beyond the traditional P&C (property and casualty) offerings - which have been tuned to the industrial segment over many decades - and quoted & sold in a certain way. India has a large IT, SaaS sector and the largest base of developers in the world. As more products are built in India and shipped to sophisticated clients - the need for these covers shoots up.

While for most of the venture funded companies, covering these risks is a no-brainer.

These risks are not suited to the traditional insurance sales model. Many of the criteria for servicing clients are somewhat antiquated (eg. historical profitability) or the paperwork is fraught. What is needed

is a superior level of education, handholding, efficient quotes & flexibility- which the market has not witnessed. This “niche” suite of covers, when packaged and sold rights going to be quite significant play in the Indian market in the medium term.

Global parallels tell us that we should see scaling companies bringing specialized offerings as this market opens up and deepens over time. Vouch (valued at \$550 million) is a four-year-old startup focused on providing a suite of insurance products to venture-funded startups- already approaching \$6 billion in cover. Next Insurance (worth \$4 billion) focuses on the smaller companies in the non-startup space: the likes of Amazon sellers, bike shops, book stores and jewellery shops. Coverage includes general liability insurance, workers compensation, professional liability insurance, business insurance.

Our take is that while the insurance sector has seen a good amount of innovation over the last 10 years, the impact of this has been felt largely in a narrower set of core segments thus far. . There are numerous other high-potential underserved niches with acute dynamics-- waiting to be tapped through a consumer-first approach. We are looking forward to seeing this next wave of insurance over the next few years- as India becomes a more evolved insurance market.

*(The writer is Deepak Gupta.)*

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### ***Guidelines for rocket, satellite insurance will be ready before end of 2022 – The Economic Times – 28th June 2022***



The third party liability insurance guidelines for Indian private space sector players -- rocket and satellite makers -- are hoped to be finalised before the end of this year, said the sectoral regulator. "We hope to define the guidelines (for third party liability insurance) before the end of the year and those will then be followed," Pawan Goenka, Chairperson, Indian National Space Promotion and Authorisation Centre (IN-SPACe), said.

As per the draft Spacecom policy, private sector players wanting to provide communication service within and outside India using a space-based asset are liable for damages caused to other space objects in outer space and its environment. As per the draft policy, any

damages that may occur to other space objects in outer space, the private service providers are liable for financial damages and they have to take care of that by providing financial guarantee or insurance cover.

The extent of financial guarantee or the insurance cover will be determined by the Indian authorising/licensing body taking into account the risks involved in nature and operations of that space object in outer space. Meanwhile on June 30, two Indian space sector startups -- Digantara and Dhruva Space -- will fly their payloads fixed to the fourth stage of Indian Space Research Organisation's (ISRO) rocket Polar Satellite Launch Vehicle (PSLV). After PSLV puts into orbit three foreign satellites, the rocket's spent fourth stage will be the orbital platform for the payloads of Digantara and Dhruva Space.

"These are payloads not separated from the rocket. They are an integral part of the fourth stage POEM (PSLV Orbital Experimental Module) and not an active system. So, no extra liability than that of PSLV. When we launch an Indian private satellite which separately to be registered as a space object the liability needs to be defined," S. Somanath, Secretary, Department of Space and Chairman ISRO told IANS. In April this year, Indian satellite maker Syzygy Space Technologies Pvt Ltd, commonly known as Pixxel, launched its first satellite 'Shakuntala' with Space X's rocket. Queried about the liability insurance Awais Ahmed, CEO of Pixxel told IANS it was covered by overseas insurers.

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## ***After 21 years of privatisation and extensive effort, how has India's Insurance sector evolved? – The Economic Times – 28th June 2022***



After many years of privatization and extensive push, India is a country, where there is a huge need for insurance, but there is lack of insurance availability. India's insurance penetration was at 2.71 percent in 2001 - which has steadily increased to 4.2 percent in 2021, but still remains below the global average of around 7.23 percent. While the numbers don't paint a flowery picture, in the last 21 years, India has moved from being an underpenetrated insurance market, where only a few were insured, to a market that now secures the lives of more than 25 crore Indians every year and growing, said Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance.

When the COVID-19 pandemic hit our country with its impact still prevalent today, the insurance industry once again was at the forefront in protecting the lives of our citizens and settled more than Rs 25,000 crore of claims, he highlighted while also adding that today insurance has made its way to every corner of the country and will only grow more to play an active role in the financial security of people.

"Looking ahead, I am sure that with more active collaborations between the Government and the insurance industry, we will make a difference to the lives of many citizens as we have done in the past and will continue to do so," he added.

National Insurance Awareness Day on June 28 is meant as a reminder for individuals, families and businesses to review their insurance policies and take steps to prevent being underinsured. We, in India, have a long way to go – both in insurance awareness and in purchase of adequate cover, said **Anil Aggarwal, MD & CEO, Shriram General Insurance.**

"Despite the digital world observing a significant upsurge in the dissemination of information regarding insurance, the subject remains largely shrouded in mystery for many. Perhaps it is due to knowledge sources lacking in simplicity, or because essential data is far too dispersed to provide a bird's eye view of everything customers need to know about insurance," he added.

We need to view insurance as an investment and not an expenditure, said Bhargav Dasgupta, MD & CEO, ICICI Lombard GIC while adding that this mind-set change needs to be accelerated, which can only happen through enhancing awareness and simultaneously improving levels of its benefits. "The Industry remains committed to strengthening this much-required awareness about the myriad benefits of insurance and work towards bridging the substantial protection gap in the country," he added. Here's how the Indian Insurance sector evolved and what is in store for the multi year growth it is expected to witness going ahead.

### **Advent of customer centric model in Insurance**

The pandemic has fueled an increased risk perception among customers, bringing cascading effects on the insurance industry, said **Rakesh Jain, CEO of Reliance General Insurance** while adding that from product innovation to distribution line management, the GI industry has been shifting to a more customer-centric model.

He is of the opinion that as the industry is now more cognizant of customer needs, in the coming years, its focus will be on enabling customers to create their own coverage based on their requirements, developing customised products faster and improving the affordability of insurance products. "In this context, IRDAI's groundbreaking initiatives on Insurtech, "Use and File Products" or "linking insurance frauds to credit scores" when implemented, will be a game-changer and augment greater penetration," he added.

### Phygital mix

On similar lines, **Tarun Mathur, Co-founder, Policybazaar.com** feels that this shift from average statistics-based product design to a customer-centric model is a fundamental shift in the insurance industry.

"While technology cannot eliminate the role of traditional insurance players, it is a key enabler to enhance the overall customer experience and increase the scope of buying insurance for every household. It is about marrying technology with tradition to make a phygital mix," he said. The growing trend of young internet users has made the insurance business suitable for online channels, while COVID-19 has further accelerated the trend of tech adoption to aid traditional as well as new-age insurance players, he added.

### Role of IRDAI and multi-year sectoral growth

The Insurance regulator (IRDAI) has been focusing on improving the insurance penetration in the country by way of increasing the number of insurers, widening the scope of existing distribution channels, and improving product standards and technological capabilities of all stakeholders, **Niraj Kumar, CIO of Future Generali India Life Insurance** highlighted.

"They also aim at reducing operating/commission costs to ultimately benefit consumers, along with rationalization of investment norms. These steps coupled with a huge mortality protection gap (~\$16.5tn) and inadequate retirement savings will drive multi-year growth for the industry," he explained. According to Kumar, these structural growth drivers will lead to ~15% CAGR in Annual Premium Equivalent (APE) over the next several years. "Besides the increase in the FDI limit in the insurance sector to 74% has provided an immediate backstop in terms of capital for growth," he added.

### Life Insurance- Pre & Post Privatization

While insurance penetration may be still low but it has definitely seen an uptake post privatization of the sector, said **Akshay Dhand, Appointed Actuary, Canara HSBC Life Insurance**.

"Pre-privatization, the primary selling life insurance products were the traditional savings participating plans. In the last two decades, this has expanded to include other important such as annuities, unit-linked insurance plans and in particular, pure protection plans among others. There has also been an increase in awareness amongst the public to look at their insurance coverage and purchase products to cover any gaps," he said.

*(The writer is Sheersh Kapoor.)*

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### ***Pension, insurance... for taxi drivers and food delivery agents soon? - The Times of India - 27th June 2022***



Ride-hailing, delivery and e-commerce platforms may adopt a model for providing accident insurance to all delivery and driver partners, and other platform workers across India, government think tank Niti Aayog has said in a report on the sector. These may be offered in collaboration with the private sector or government, as envisaged under the Code on Social Security 2020, according to the report on the gig economy released on Monday. It also said that gig and platform firms need to adopt policies that offer old age/retirement plans and benefits and other insurance cover for contingencies such as injury arising from work that may lead to loss of employment and income. Such plans and policies may be

uniquely designed by a firm, in partnership with insurance companies, or could be designed and offered in collaboration with the government, as envisaged under the Code on Social Security, 2020, according to

the report. The report sheds light on the various social protection approaches taken around the world for gig and platform workers and how they can pave the way for social protection measures for gig and platform workers in India.

On the lines of measures introduced to mitigate the challenges posed by the Covid-19 pandemic by platforms businesses, measures for paid sick leave, health access and insurance may be adopted by platforms as a part of their workplace or work- engagement policies for all the workers they engage, round the year. This will have positive implications for offering a social security cover to platform workers engaged by these firms, the report said. It said access to institutional credit may be enhanced through financial products specifically designed for platform workers and those interested to set-up their own platforms. Venture capital funding, grants and loans from banks and other funding agencies should be provided to platform businesses of all sizes at the pre-revenue and early-revenue stages.

A Platform India initiative, built on the pillars of accelerating platformization by simplification and handholding, funding support and incentives, skill development, and social financial inclusion, like the immensely successful Startup India initiative, may be introduced, the report recommended. Ferrying of passengers for hire may be permitted in all categories ranging from two-wheelers (in the form of bike taxis or bike-pool) and three-wheelers (rickshaws, auto- rickshaws), to four-wheelers (taxi- cabs and carpool), and 10-12-seater vehicles (mini-buses), the report has recommended among a raft of suggestions to accelerate the growth of the gig economy.

Self-employed individuals engaged in the business of selling regional and rural cuisine, street food, etc. may be linked to platforms so that they can sell their produce to wider markets in towns and cities, according to the report. The report is a unique and first of its kind study that explores the potential of this sector in India. It suggests measures to enhance employment and initiatives for social security,” said Amitabh Kant, CEO of Niti Aayog.

It said the gig workforce is expected to expand to 2.35 crore by 2029-30 and will form 6.7% of the non-farm workforce or 4.1% of the total livelihood in India by 2029-30. The report estimates that in 2020-21, 77 lakh (7.7 million) workers were engaged in the gig economy. They accounted for 2.6% of the non-agricultural workforce or 1.5% of the total workforce in the country. At present, about 47% of the gig work is in medium skilled jobs, about 22% in high skilled, and about 31% in low skilled jobs. The trend shows the concentration of workers in medium skills is gradually declining and that of the low skilled and high skilled is increasing, according to the report.

*(The writer is Surojit Gupta.)*

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### ***Always buy travel insurance for your foreign trips – Financial Express – 27th June 2022***



With the end of the pandemic-induced pause on all forms of leisure travel, a number of Indians are now raring to go on a foreign trip. However, travelling to another country is not the same as travelling within India. Not just passports and travel visas, you may also have to buy a travel insurance plan that has been made mandatory for inbound travellers by many countries.

Countries, where travel insurance cover is mandatory for inbound travellers, are Cuba, the USA, UAE, Qatar, Russia, Turkey, Ecuador, Galápagos Islands, and Schengen countries. Travel insurance is also mandatory if you are planning to travel to Antarctica, according to a recent report by Digit Insurance.

A typical travel insurance plan provides cover for expenses incurred in medical assistance, cancellation cost, loss of passport, baggage loss and flight delay. Travel insurance is a must even if you are travelling to a country not mentioned above as medical emergencies during travel can happen to anyone, at any point of time and jeopardise the trip. “Consumers should look for cover against loss of checked baggage or loss of passport to avoid being stuck in a foreign country. If one is a frequent family traveller, he/ she should make sure that the insurance covers him or her for last-minute trip cancellations or modifications,” says Indraneel Chatterjee, co-founder of RenewBuy, an online insurance distributor.

Some travel insurance policies offer emergency medical treatment and evacuation cover to help the insured in case of unexpected emergencies.

### **What policy should you buy**

Before travelling abroad, buy a travel insurance plan that provides overseas medical insurance coverage, including major medical expenses incurred outside India for sickness, bodily injuries or contracted diseases. “Consumers should also check if the coverage allows him/her to be sent back home, in case of an extreme medical emergency,” adds Chatterjee.

### **What travel insurance may not cover**

There are several “general exclusions” for which travel insurance plans do not provide any cover. These are mentioned in detail in the policy document. Travel insurance plans may not provide cover for any delay made public or known at least six hours before the scheduled departure of the flight.

Delays caused due to any change in laws, regulations or orders from the government may also not be covered by a travel insurance plan. Apart from the above, delays due to strikes or labour disputes, may also not be covered in a travel plan if the airline has already issued an advance warning a day before the date of the travel.

*(The writer is Rajeev Kumar)*

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## ***New-age firms adopt pet-friendly policies to better retain talent - The Economic Times - 25th June 2022***



If your furry friend has ingested some harmful insect or has an upset stomach or is otherwise indisposed while you are at your workplace, then help is just a call away.

For pet owners at Chennai-based SaaS firm Chargebee, the company has rolled out telehealth services for pets to help employees get quick animal-related advice in times of crisis. And, Chargebee is not just the only one.

New-age companies are going the extra mile to have pet-friendly workplaces by walking the talk on pet benefits. Pet insurance, telehealth services, pet adoption leaves, and wellness leaves are some of the initiatives companies such as Chargebee, Meesho, Powerplay, Nova Benefits, and

Deloitte have rolled out for their employees. The idea is to not just be more empathetic to the employees who are pet owners but also to provide them with differentiated benefits in a highly competitive talent market. Insurance companies such as Policybazaar, Plum, and Toffee Insurance are witnessing high demand for pet insurance.

Bengaluru-based Powerplay is providing pet parents with insurance coverage worth Rs. 1.5 lakh, including hospitalisation cover, surgery expenses, accidental fracture, OPD expenses, terminal illness, and long-term care.

“For pet owners, there is no difference between their children and pets. So, we wanted to give them the same insurance benefits that we have for other family members,” Iesh Dixit, cofounder of the construction management software company, told ET. “Medical treatment for animals can be expensive and we wanted our employees to have coverage in such cases.” Such policies are gaining quick traction among the employees, too. Nearly 30 people have already opted for the service, which is generally offered as an add-on with group health insurance, Dixit said. Insurtech firm Toffee Insurance, which co-creates products with insurance companies, is also seeing an uptick in pet insurance.

“Some months back, we struck our first partnership with a company that specifically wanted pet insurance. A lot of corporates are showing interest in it,” Nishant Jain, Toffee Insurance's cofounder, told ET. “We’ve sold about 100 policies so far and are in the process of getting 200-odd policies issued this month.” Insurance policies are not where the bucks stop. Plum, an insurance-tech company, has rolled out telehealth consultations for pets. Firms across hospitality, e-commerce, and SaaS partner with Plum for insurance services, and 10% of them have actively opted for pet telehealth services, said Jayanth Ganapathy, director of healthcare at Plum. The company is getting 20 new inquiries daily.

“We’re seeing a lot of demand for it. Pet owners get anxious when their pets get sick, more so as they are unable to express themselves. When a vet visit isn’t instantly possible, a teleconsultation service with a licensed vet is, which most often gives them a quick resolution,” Ganapathy said. Plum is in the process of partnering with service providers for corporates to provide post-consultation services for employees’ pets through nutrition consultation, and home delivery of medicines, among others. Policybazaar is seeing interest from consumer internet companies, IT, and banking firms for pet insurance, said Raghuvver Mallik, the company's business head for corporate insurance.

“From literally zero such instances a couple of years ago, we pitched to some eight clients last year. A food tech major and an edtech biggie are among our clients, and we are seeing more demand coming in,” Mallik told ET. Other firms are allowing employees to take leave for their pets. Earlier this year, Bengaluru-headquartered Meesho rolled out a pet-adoption policy, allowing new pet parents one week of leave to bond with their pets and help them get settled in. Wellness platform Nova Benefits has also rolled out a pet-care policy under which employees can take unlimited leaves if their pet is unwell or has to undergo surgery.

*(The writer is Brinda Sarkar.)*

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## HEALTH INSURANCE

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### ***MSMEs seek larger health insurance covers and wellness benefits post-pandemic - Business Today - 30th June 2022***



With Covid-19 being the propeller in insurance adoption, along with ease of use and affordability, a growing number of Micro, Small and Medium Enterprises (MSMEs) are now focusing on stronger employee welfare benefits.

According to employee benefits-focused company Onsurety, nearly two in three Indian start-ups and MSMEs opted for extensive wellness features for their employees in their corporate healthcare subscription plans in FY22. These include a focus on mental well-being, complete annual health checkups for employees and their family members, and access to healthcare

membership for employees' elderly family members.

The findings revealed that SMEs with an employee base of less than 10 have in the past struggled to retain working women, because of their inability to provide holistic health and wellness benefits, built especially for them. Onsurity has also witnessed an increased demand for wellness benefits for working women especially maternity and IVF Treatment focused plans. Maternity care, as an add-on benefit, has been in popular demand, especially for SMEs with an employee base of less than 10.

Moreover, teleconsultation services have reported a sharp rise of 61 per cent post-Covid-19. Medical professionals and patients also prefer teleconsultations rather than physical visits.

Abhishek Poddar, co-founder and CEO, Plum agrees. He says, “We have noticed that MSMEs prefer using services like Telehealth, as it makes doctor availability simple. They also prefer plans that are discounted (which we have through our partners, Razorpay Rize and Visa). The fact that their families are covered too comes as a relief and the policy itself can be accessed without any waiting periods. Products for them have to be simple, affordable and accessible and that is what increases adoption.”

Poddar adds, “MSMEs have earlier lacked access to affordable healthcare products, especially insurance. They hire 460 million people, most of whom depend on their employer for healthcare and emergency expenses. For context, India has the maximum out-of-pocket healthcare expenditure among G20 countries, which pushes nearly 60 million people into poverty every year (National Health Authority, 2020).”

*(The writer is Teena Jain Kaushal.)*

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### ***Pandemic Trends: What are MSMEs seeking from their Healthcare Subscriptions? - The Economic Times - 27th June 2022***



MSME's have moved from providing home-based healthcare treatment in 2021 to annual health check-ups of their employees to providing maternity and IVF treatment-focused plans for the working women population in 2022.

The corporate health and wellness market in India is worth ₹55,000 crore. In the employee wellness category, health check-up and telemedicine consultations offerings for employees have picked up steam, and currently contribute to 61 percent of India's ₹23,000 crore corporate wellness market according to Redseer's estimates.

As India increasingly sees the rise of Micro, Small, and Medium Enterprises (MSMEs), the need for providing comprehensive health coverage to employees is also gaining momentum. MSMEs contribute around 30 per cent to India's GDP, employ about 11 crore people – 75 per cent male and 25 per cent female, and constitute nearly 40 per cent of total exports. As India marches towards its aim of becoming a \$5 trillion economy, MSMEs are bound to play a bigger role in achieving this dream. And to achieve this dream, the sector would not only need skilled workers, it would also need healthy employees.

#### **The Pandemic Effect**

When Covid-19 hit in 2020, the need of access to healthcare support and insurance rose. The year saw healthcare reach people through technology, bypassing geographical and economical disadvantages. MSMEs also felt the need to provide for their employees but because of their size, had to rely on third-party vendors to help them with insurance and the like.

The year 2021 saw various less-than-ideal but much-required health trends in MSME sector such as:

- **Rise in demand of Covid-19 home healthcare treatment**

With India's health centers overburdened and non-available, vital healthcare equipment and articles in short supply, and rising cases, people adapted quickly to other models to serve the patients. Treatment at home for Covid-19 patients gained prominence. And with group insurance, MSMEs were able to provide for their employees and their families, if and when the need arose.

- **Virtual and tele-consult with healthcare professionals**

Many clinics, nursing homes and hospitals advised their patients over phones and video. This virtual solution not only resulted in a faster and apt care, but also helped the patients save their time and effort in travelling to meet a doctor. In fact, more hospitals will rely on virtual patient consultations in the future for efficient and timely care while keeping also keeping both the provider and the patient safe.

- **Mental wellness for employees and their family members**

Even though India scores pretty low on worldwide mental health index, pandemic saw an increase in demand for mental health professionals to cater to the people in MSME sector, which bore the maximum economic brunt in the pandemic.

- **Health-tech**

The year 2021 also witnessed the entry of various health-tech companies that catered to patients and providers with their digital solutions and access to comprehensive patient history via the Electronic Health Record (EHR). The emerging, scalable, telemedicine solutions in the country, such as apps for self-help, AI-enabled chatbots for diagnosis, and virtual 24x7 counseling suited the MSME sector for its low-cost availability and accessibility, ensuring right treatment at the right time through the right channel.

- **Online yoga and fitness sessions**

The demand for fitness sessions rose, as people became more aware of their immunity and health. Many MSMEs made the effort to sign up with various providers to get their employees to workout from the comfort of their homes.

### **The Need of the Hour**

According to Deloitte's 2022 Global Health Care Outlook, a very small population of 9 per cent is covered under voluntary private insurance, leaving a majority of the population exposed to great financial risks. Insurance and employee health support ensures the MSME employee of security and support in case of any emergency – personal or professional. MSMEs realize that in the light of the current state of healthcare it is important to provide an affordable and valuable healthcare package to their employees, which covers both mental and physical health. Nearly 80-85 per cent of IT/ITES/Technology companies are requesting for elderly care plans in their healthcare subscriptions.

While the MNCs and corporates have always been offering it, but now MSMEs are also availing benefits that ensure an active lifestyle for their workforce, such as gym memberships, walkathons, and yoga sessions.

In 2022, we are witnessing MSME increasingly asking for:

- Complete Annual Health Checkup for employees and their family members
- Access of Healthcare Membership for elderly
- Segmented OPD Plans for working women, especially maternity and IVF treatment-focused plans

Talking about trends, we have witnessed an increased demand for wellness benefits for working women. MSMEs with an employee base of less than 10 have in the past struggled to retain working women, because of their inability to provide holistic health and wellness benefits. Maternity care and IVF Treatment, as an add-on benefit, has been in popular demand especially for SMEs with an employee base of less than 10. Currently, lifetime risk of maternal mortality is 1 in 70. Available data also indicates that a considerable proportion of women suffer from obstetric morbidities. In a nation-wide community-based study, prevalence was nearly 6 per cent in the 15-50 years age group.

With the demand increasing for these features, the cost of these wellness benefits have reduced by nearly 50 per cent, which is highly in favour of MSMEs. The tech-led consumption has further ensured seamless delivery of these features, reducing the cost for consumers by up to 12 per cent.

An inclusive healthcare approach is the need of the hour to retain talent in the MSME sector so that the MSMEs are supported well-enough to continue to contribute to the Indian economy.

*(The writer is Yogesh Agarwal.)*

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### ***More people buying travel insurance policies post Covid-19, industry insiders say – Business Today – 27th June 2022***



Travelling has changed post pandemic. It now comes with that lingering fear of catching Covid-19, which could mean an extended stay or even hospitalisation in a foreign land throwing travel plans upside down. This is the reason that more people are buying travel insurance policies than before.

“We have witnessed a healthy growth in international travel insurance policies from the pre-pandemic levels which is about 22 per cent. Domestic travel insurance is still nascent in India considering that many customers already have health insurance policies and also personal accident (PA) covers,” says Sourabh Chatterjee, Senior

President & Head-IT, Web Sales, Travel, Bajaj Allianz General Insurance.

Travel insurance has evolved since the onset of the Covid-19 pandemic. According to Go Digit General Insurance, in the first four months of 2022, the insurer sold 75 per cent of the total number of travel policies it sold throughout FY21 given the increased awareness.

Digit General Insurance sold over 12.8 lakh travel policies in FY21-22, a jump of over 100 per cent compared to the pre-Covid year of FY19-20. The analysis also revealed that demand for single-trip policies zoomed 215 per cent in FY21-22 over FY20-21. In FY22, the company sold nearly 11.7 lakh single-trip travel policies, an increase of 215 per cent over FY21.

Vivek Chaturvedi, Head of Direct Sales and Chief Marketing Officer, Digit Insurance said, “Trip cancellation, and flight cancellations and delays have always been leading causes for travel claims. Events such as bad climatic conditions, change in travel plans and on-time performance of airlines, among other causes can affect travel plans. Before Covid-19, travel insurance was not looked at seriously, especially by domestic travellers. However, more Indians are now buying travel insurance to ensure unforeseen hiccups don’t disrupt their itineraries. The category has also evolved over the last few years with some insurers now offering innovative and need-based products. In the coming years, travel products are set to become more dynamic, opening up the segment further.”

*(The writer is Teena Jain Kaushal.)*

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### ***National Insurance Awareness Day: Tips to keep in mind while purchasing a health insurance policy – Financial Express – 27th June 2022***

India faces the twin problems of having to deal with a high rate of infectious diseases and growing incidences of chronic diseases, which is a result of the sedentary lifestyle we have been leading. Bhabatosh Mishra, Director – Underwriting, Products and Claims, Niva Bupa Health Insurance says, “The good news, however, is that India has made rapid progress in the field of medicine and most modern treatments are today available in the country. Indian doctors are acclaimed worldwide and the most

advanced diagnostic and therapeutic technology is available here.” However, these do come at a much higher cost and in order to afford the cost of treatment in today’s times, having health insurance has become an absolute necessity.

While due to Covid, the awareness has gone up substantially, Mishra points out, “many people perhaps are not aware of how to choose the most appropriate health insurance product.”

Here are some critical factors that one must consider while buying health insurance include;

**Sum Insured** – The decision of adequate sum insured must be made keeping in mind:

**Place of residence** – Healthcare consumption is largely local. The cost of treatment varies from city to city. Therefore, Mishra explains, “a person living in a metro city may need a higher sum insured, as the medical costs are more expensive when compared to tier 2 and 3 cities.”

**Life stage and age** – Younger people may need a relatively lesser sum insured as compared to older individuals.

**Family size and composition** – Larger families will need higher sum insured coverage as otherwise, one runs the risk of running out of sum insured.

**Future cost of hospitalization** – This would depend on medical inflation and the rising cost of treatment due to the advancement in technology and availability of modern treatment.

**Claims Settlement ratio** – This is a good indicator to look at before purchasing. However, Mishra says, “one must be careful not to rely on only this figure as new products due to applicable waiting periods may have a little lower settlement ratios which would increase gradually with time once the company’s renewal book becomes larger.”

**Network Hospitals** – Instead of going by the number of hospitals in the insurer’s network of hospitals, check how many hospitals in their area and city have a tie-up with the insurer. Mishra explains, “This will ensure that they don’t end up running from one hospital to another during an emergency.”

He further adds, “Also, look for whether or not the large and reputed multispecialty hospitals are in-network or not. This would be helpful if ever a need for high-end care or treatment arises.”

**Terms and Conditions** – A policy document in which the T&C is written in simple, non-jargonized and colloquial language removes ambiguity. Claims can be declined in case of pre-existing diseases, exclusions mentioned in the policy, etc.

Mishra adds, “It is important to understand these conditions well and opt for policies that offer less waiting period and have minimal exclusions. My advice is ‘simple is always better and ‘what is easily understood is easily used’.”

*(The writer is Priyadarshini Maji)*

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### ***Why MSMEs are low on health insurance and how InsurTechs are solving it – The Economic Times – 27th June 2022***

MSMEs are the most critical part of our economy as they contribute around 30 percent to India’s GDP and employ 460 million people. It becomes significant to address the needs of this recognizable chunk as they struggle with huge cash flows and fewer resources. Media reports have shown that in India, approximately 90 percent of MSMEs do not offer any financial aid for medical purposes to the families of employees, while most micro and medium enterprises offer no financial support to their employees and their families. Since most of the ‘missing-middle’ segment is associated with MSMEs, organizations are looking out for solutions that do not burn their pockets during any medical emergency. They require affordable health insurance products that can be suitable for small teams.

As seen in practice, MSMEs prefer a basic cover of personal accident and critical illness, with a focus on reduction in premiums and coverage of employees. It is notable that MSMEs prefer to purchase insurance through bank assurance and brokers, with group health insurance penetration through online channels at a minimal level of about 6%.



The uncertainty induced by the virus over the last couple of years has encouraged many SMEs to finally take the plunge and offer a decent health cover to their employees, said **Vivek Chaturvedi, head of direct sales and chief marketing officer, Digit Insurance.**

"Given the skyrocketing medical costs, expecting SME employees to bank on their income alone to meet the rising healthcare expenses would only increase stress and therefore, impact productivity," he added. What's the issue?

The key reason for low insurance penetration among MSMEs is a lack of financial literacy and the fact that most of them operate in the unorganized sector.

The biggest challenge for group health insurance is also the identification of legitimate groups. There have been instances of misuse in group health insurance wherein the only purpose of forming a group had been to avail group insurance. As a result, insurance companies have been hesitant to completely open group insurance products.

Another challenge is the serviceability levels. This includes quote negotiation, member addition and deletions, claims settlement and policy education. Generally, an intermediary, like a broker or an agent, is expected to support the groups on these services. However, the market is highly price sensitive, and the margins earned by intermediaries in group health insurance are low and the serviceability suffers as a result.

### **Why is it important?**

**Abhishek Poddar, Co-founder and CEO, Plum** highlighted that India has the maximum out-of-pocket healthcare expenditure among G20 countries, which pushes nearly 60 million people into poverty every year (National Health Authority, 2020). "With Covid-19 still in our midst, it makes moral and business sense for any business to offer group health insurance to their employees to ensure their financial security as well as mental and emotional well-being," he said.

Poddar further explained that earlier MSMEs paid less attention to health insurance owing to high premiums and lack of availability of the right health insurance products suitable for small teams. But the sudden spurt in diseases and rising healthcare inflation has resulted in the urgency for both health protection and financial security against expensive treatments. "This has triggered the demand for healthcare insurance amongst MSMEs. Another reason for an uptick in health insurance was the push from the Indian Government that had made medical insurance mandatory for all employees," he added.

### **Role of InsurTechs**

Insurtechs are bringing technology to solve these problems of catering to these markets and ensuring high level of serviceability through economies of scale.

It's important for more SMEs to offer health insurance to ensure their employees work with a sense of security and have all the necessary financial support should any medical emergency arise, said Chaturvedi while also highlighting the importance to opt for an insurer that is focused on integrating tech across the value chain, enables ease of processes, from onboarding till the settlement of claims. "With advanced tech and digital tools on their side, InsurTechs offer a seamless customer experience without the need for any manual or physical documentation or lengthy turnaround time," he added.

**Yogesh Agarwal, Founder, Onsurety**, further added that MSMEs being new to health and digital native come with higher expectations and look for tech driven solutions that empower them to manage the entire journey at their fingertips. "Hence paving the way for tech led full stack solution providers like InsurTech companies to lead the way from the forefront and also help disrupt the market where standard solutions are prevalent," he said.

Tools like whatsapp and digital cards are used for a fast claim service. Dedicated portals are used for frictionless member management. There are also fullstack of healthcare services integrated in their platforms to provide comprehensive healthcare not limited to health insurance.

These platforms thus have enough data points to help with newer underwriting models and possibly bring down the cost of health insurance further. " are providing wellness packages at affordable costs to employees of MSMEs. They are also integrating their technology with various service providers in order to provide seamless healthcare services such as teleconsultations, diagnostics, delivery of medicines, etc to their employees & families. In order to engage with and encourage this sector, InsurTechs are also offering rewards to promote a healthy lifestyle," **Pooja Yadav, Chief Product Officer of Edelweiss General Insurance** highlighted.

### **Role of regulator and government**

The Indian insurance sector is experiencing strong tailwinds of tech disruption. Apart from group focused insurtechs, other innovations and reforms are also helping solve India's under penetrating problem.

The sandbox framework by the regulator allows a good level of freedom for tech first companies to experiment with innovative products and distribution strategies. There are bite sized insurance products that care for certain niches, in the case of healthcare, hospital cash insurance being one. "MHA and IRDAI, through their directives, have mandated that medical insurance be provided to workers of all industrial and commercial establishments. This has also accelerated adoption of Group health insurance by MSMEs," she added.

Health ID that has been introduced by the Indian government can be a catalyst to bring big changes to health insurance underwriting. IOT health devices are collecting large data and can also help with better underwriting models. The regulator also needs to relook at the margins for intermediaries in the market to bring up the service levels as well as interest from intermediaries to service the market.

*(The writer is Sheersh Kapoor.)*

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## **MOTOR INSURANCE**

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### ***Factors to consider while insuring your new two-wheeler – Financial Express – 24th June 2022***

The decision to buy a two-wheeler is not made in a fortnight. However, it takes a number of weeks or maybe months to come up with a brand, model, and variant that meets your requirements. Likewise, a similar thought process is needed to choose the right insurance partner for your brand-new two-wheeler.

Sumit Chhazed, Co-founder and CEO, of OTO, says, "Some people consider two-wheeler insurance as a luxury over a necessity ignoring the fact that they are bought for protecting their life and asset at the time of an unforeseen event like a road accident, theft, and third-party liability."

Thus, under Motor Vehicles Act, the Government of India has made it mandatory for every bike owner to purchase a two-wheeler insurance policy to protect the rider and the bike from inevitable expenditure in the events that come out of the blue.



Therefore, according to experts before heading on to buying a two-wheeler insurance policy, you might have to take the following crucial points into consideration to avoid regretting them later.

**1. Type of policy:** There are numerous two-wheeler insurance providers in the market. As a result, you are free to choose any as per your preference. But, when it comes to the type of policies, there are essential: -

**Third-party policy** - "Indian Government has made it mandatory for every bike owner to insure their two-wheeler under the third-party insurance plan. The policy ensures to protect against the damages caused by you to a

third party's asset/ property and does not cover theft or damage to your own vehicle," explains Chhazed.

Eg - Permanent injury, death of a person, damage to property

The policy is valid only for 1 year and will require you to renew it every year unless the policy is for the long term.

**Standalone own** - As the name suggests, it covers the own damage sustained due to accidents, theft, fire, and natural and manmade calamities. Under this, Chhazed says, "the policyholder can choose to get a standalone and third-party policy from the same or a different insurer. Further, the insured gets to expand the coverage with the help of add-ons."

**Comprehensive** - The policy is the combination of both third party and standalone own that protects you from damages caused by you along with the third party expenditure. For instance, if your electric bike or two-wheeler gets damaged in a fire, you may claim compensation based on the norms of the plan.

**Add ons** - Just like the name suggests, Chhazed explains, "these are the additional coverages that one can avail of with comprehensive or standalone policies and it further strengthens the coverage." Such coverages come with an additional premium but are worth every penny.

**Zero Depreciation Cover** - An asset is bound to depreciate with the passage of time. Usually, the depreciation of two-wheelers is borne by the policyholder. But with this add-on, the insurer can claim for the depreciation expenses.

**Others** - Loss of personal belongings, Tyre damage cover, daily allowance, engine safe cover, key loss cover, passenger assistance cover, protection of NCB, road assistance cover and consumables cover, return to the invoice.

## 2) Insured Declared Value (IDV)

IDV represents the current market value of the vehicle. The IDV is the maximum amount you can claim in case of loss and the value decreases as the age of the bike increases.

## 3) Insurance premium

The insurance premium is dependent upon many factors. The prime factor out of them has to be cubic capacity. Chhazed explains, "According to the India motor tariff, the cubic capacity is classified as 0-150CC, 150-350C, and 350CC and above. The higher the cubic capacity, the higher the amount. Another dependent factor is location. As per location, there are Zone A & Zone B. Cities falling under Zone A attract higher premiums than the latter."

## 4) Claim settlement ratio

CSR determines how efficient an insurance company is in settling insurance claims. It denotes the ratio between the claims paid by the insurance company and the total number of claims incurred during a particular financial year. So, Chhazed says, "to make a better decision, one should be aware of one's insurance provider's CSR."

### 5) No claim bonuses

NCB is an additional bonus rewarded to the insured by the insurer for not claiming damages in a particular year. “The insured gets a discount up to a maximum of 50 per cent on their premium when the insurance is renewed next year,” adds Chhazed.

### 6) Digital purchase

Opting to buy insurance online comes with a number of benefits as it comes with no middlemen or agents thus there will be no commission thereby reducing the policy cost. Besides that, experts point out there is no paperwork and it is the most cost-effective than traditional buying thus reflected in the form of low-cost premiums.

Chhazed concludes, “With all that being said, make a rational decision before buying two-wheeler insurance considering the aforementioned factors and the credibility of the insurer. As once a decision is made, there is no going back.”

*(The writer is Priyadarshini Maji.)*

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## SURVEY & REPORTS

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### ***Tier-2, 3 cities see demand for new-age products like cyber insurance: Report – Live Mint – 28th June 2022***



There is a great market opportunity for new-age insurance products like cyber insurance, especially in tier- 2 & 3 cities, according to an online survey by Policybazaar.

The findings showed around 23 percent of respondents had a cyber insurance policy in place. This represents a significant proportion of cybersecurity coverage in a country like India where the penetration of fundamental products like life and health insurance is still low.

Policybazaar conducted the survey to closely analyse consumer awareness levels and uptake of emerging protection products in India to observe the National Insurance Awareness Day 2022. The brand surveyed over 4500 of its customers and app/website visitors regarding relatively lesser-known products including cyber insurance, mental health insurance, home insurance and pet insurance.

The overall findings of the survey depicted a huge scope for awareness and purchase consideration for these products, with cyber insurance being an exception.

Another remarkable trend observed here was that nearly 48 percent of respondents in tier 2 & 3 cities had bought or showed the willingness to buy insurance, as opposed to 36 percent in tier-1 cities. The results clearly draw a parallel between growing internet consumption in smaller cities of India and starkly similar awareness levels to safeguard that consumption.

Though still in nascent stages, cyber insurance seems to be the next big opportunity for the insurance industry, as per the survey findings. At 31 percent and 29 percent, the highest number of respondents from tier-2 and 3 cities respectively indicated the propensity to buy cyber insurance as opposed to 16 percent in tier-1 cities. However, out of those who had actually purchased a policy, 20 percent of respondents belonged to tier-1 cities, while 17 percent belonged to tier-2 & 3 cities. The figures represent a growing level of awareness towards effectively combatting intangible threats to crucial digital assets across India.

Besides, the potential opportunity in smaller cities, another interesting trend that emerged was the inclination toward buying family cyber protection plans. While the highest number of 45% insured customers purchased family plans, whereas 35% purchased individual and 20% were covered under corporate plans. Not only this, even among the non-purchasers, 53% showed an interest in buying family plans, which is the highest among all. This implies an apparent preference for overall comprehensive protection not just for individual cybersecurity, but also that of the entire family.

Nonetheless, it cannot be denied that there's still a scope of coverage here. Nearly 20% of overall respondents had suffered a financial loss due to cybercrime and out of those, only 24% ended up buying the policy and 39% neither purchased nor considered buying one. Financial loss due to unauthorised transactions emerged to be the threat that most respondents (57%) wanted to cover through cyber insurance.

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## PENSION

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### ***PFRDA to go fully digital in operations, invites bids from IT vendors to launch tech project - The Economic Times - 29th June 2022***



Pension fund regulator PFRDA has initiated steps to digitise its operations through the 'Technology Architecture (TARCH) Project', inviting bids from IT solutions providers to launch the project. PFRDA's most of the operations are currently manual in nature, and digitisation is partial.

PFRDA has decided to digitise and automate its operations through Technology Architecture (TARCH) Project, which is envisioned to be a modular and API (Application Programming Interface) based platform, PFRDA said in a bid document seeking interest from reputed IT system integrators.

"Pension Fund Regulatory and Development Authority (PFRDA) invites Expression of Interest (EOI) from interested and reputed IT vendors/System Integrators (SIs) for design, development/customisation, implementation and maintenance services for PFRDA Technology Architecture (TARCH) Project," it said. PFRDA has the objective of promoting old age income security by way of regulation, development, regulation of pension funds of the two flagship schemes -- NPS and APY -- to protect the interest of subscribers among others.

The pension system regulator has a variety of stakeholders such as NPS Trust, pension funds, Central Recordkeeping Agencies (CRAs), custodian, trustee bank, Points of Presence (PoP), annuity service providers and retirement advisors performing a definite role for the benefit of subscribers. Technology is acting as a catalyst for change across multiple industries and it is also enabling innovation that is resulting in creation of customised and nuanced products and offerings, PFRDA said. "The right technology infrastructure and solutions can act as catalysts for the pension ecosystem in India and make it more robust and pervasive," it said.

TARCH's scope of work involves implementation of a revamped PFRDA website along with a chatbot; solution for digitising supervisory and regulatory compliance related activities for intermediaries as well as non-intermediaries; a comprehensive data platform to store data for CRAs and other internal applications of PFRDA.

The SI will also be required to provide effective ways to transform each office function through digital means, it said. "PFRDA is looking to implement core HRMS (Human Resource Management Solution),

admin, finance, IT, RTI, PQ, audit, existing office solutions and legal processes with customised cloud-based ERP solutions and digitally enabled smart office solutions."

PFRDA said the winning bidder or the consortium of bidder will have a five-year contract. The fee for the EOI is Rs 25,000 in the form of demand draft or a banker's cheque. The last day of sending the EOI is July 19, 2022 till 15:00 hours. On the eligibility conditions, it said the bidder should be a company registered under the Companies Act or a partnership firm or a LLP. The bidder should be a profitable company for each of the last three financial years and must have annual turnover of a minimum of Rs 700 crore for each of the last three years, as per the bid document.

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### ***EPFO may consider separate PF, pension scheme for gig and platform workers - The Hindu Business Line - 27th June 2022***



The central board of the Employee Provident Fund Organisation (EPFO) may, at its upcoming meeting on July 8, explore the possibility of framing an universal pension scheme for those not yet covered by the retirement fund. A separate scheme that would provide PF and pension benefits for gig and platform workers is likely to be taken up at the meeting to be held in Bengaluru, sources said.

The labour codes passed by the Parliament in 2020 had provided that government would come up with a social security scheme for gig workers. An internal committee of the EPFO had made a case for introduction of an universal pension scheme given the Prime Minister Narendra Modi's call to provide an universal social security catering to those not covered under the Employee Pension Scheme, 1995.

While there has been a demand for increasing the monthly pension payout under EPS 1995, the EPFO is currently finding it difficult to provide minimum pension of ₹3,000 per month given the low contribution to EPS by EPF.

Under EPF, an employee pays 12 percent of his basic wage and some allowances as statutory deductions. A matching amount is contributed by the employer, out of which 8.33 percent goes to EPS. A NITI Aayog report titled 'India's Booming Gig and Platform Economy' released on Monday recommended that gig and platform firms need to adopt policies that offer old age/retirement plans and benefits and other insurance cover for contingencies such as injury arising from work that may lead to loss of employment and income.

Such policies may be uniquely designed by a firm, in partnership with insurance companies, or could be designed and offered in collaboration with the government, as envisaged under Code of Social Security, 2020. India has a huge unorganised or informal sector, around 83 percent of the workers are in informal employment where there is no formal employer-employee relationship. It may be recalled that pension regulator PFRDA had few years back mooted an auto enrolment scheme for increasing the pension coverage in India.

***(The writer is K R Srivats.)***

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## GLOBAL NEWS

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### ***Global: Insurance protection grows strongly in 2022 but other factors will hit insurance resilience – Asia Insurance Review***



Swiss Re Institute says in a new sigma report released yesterday that it expects scaled-back government benefits and declining asset values to erode insurance resilience overall while insurance protection is still growing strongly in 2022.

Simulating also how high inflation may affect protection gaps, Swiss Re Institute estimates that price increases in 2022 could translate into a \$55bn widening in the global insurance protection gap for 2021 or about 3.8% of the total gap.

The report, titled "Resilience Index 2022: Risks to resilience on the rise again after a year of respite", states

that global insurance resilience recovered in 2021, primarily due to strong improvement in health resilience, which offset weaker mortality and natural catastrophe resilience.

The SRI Global Composite Insurance Resilience Index (I-RI) rose slightly to 54.3% in 2021 (2020: 54.2%) but remains lower than prior to the COVID-19 shock (54.4%) and the financial crisis (56.4%).

Global mortality resilience declined to 45.7% in 2021, led by falls in emerging Asia, emerging Europe and North America. Natural catastrophe resilience remained low, with 75% of global exposures unprotected in 2021.

The combined world protection gap for health, mortality and natural catastrophe risks rose marginally to a new record of \$1.42tn in 2021 (2020: \$1.38tn).

The global health protection gap narrowed by 4.3% to \$737bn in 2021, aided by robust insurance market growth and scaled-up government efforts to cover pandemic-related health spending.

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### ***China: Securities regulator proposes rules for inclusion of mutual funds in private pension scheme - Asia Insurance Review***

The China Securities Regulatory Commission (CSRC) has said that mutual funds with at least CNY50m (\$7.48m) of assets over the past four quarters are eligible to participate in the country's pilot private pension scheme.

The securities regulator has proposed rules to regulate mutual funds, setting the criteria for qualified products and sales agents under a private pension scheme that will channel fresh savings into the country's capital markets, reported Reuters.

The draft rules, published on 24 June, follow the launch by the central government in April of a milestone private pension scheme to tackle the challenges of an ageing population.

Under the scheme, eligible Chinese citizens can buy mutual funds, savings deposits and insurance products via their own individual pension accounts, potentially boosting a pension market that has lured foreign asset managers including Fidelity International and BlackRock.

The proposed rules "have set a relatively high bar for products and institutions, and are designed to ensure safety of pension fund investment and protect investors' interest", the CSRC said in a statement on its website.

Other types of retail funds with clear investment strategies and good long-term track records will be gradually added to the eligibility list as the scheme expands, the CSRC said.

Currently, there are 91 pension target funds that meet the CSRC's criteria, according to TF Securities.

In addition, fund managers and sales agents participating in the private pension business must set up internal control systems, adopt long-term incentives and ensure independent operation of the pension assets, according to the rules.

Independent consultancies estimate that China's private pension market will grow to at least \$1.7tn by 2025 from \$300bn currently.

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