भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

INSUNEWS

Weekly e-Newsletter

1st – 7th June 2019

Issue No. 2019/ 23

QUOTE OF THE WEEK

"Never stop fighting until you arrive at your destined place - that is, the unique you. Have an aim in life, continuously acquire knowledge, work hard, and have perseverance to realise the great life."

A. P. J. Abdul Kalam

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Pre-existing diseases

Pre-existing diseases refer to the medical conditions or diseases that an individual suffers from prior to taking a health insurance policy.

It is defined by insurers as a medical condition, ailment or injury, for which one had symptoms, or was diagnosed with or received medical treatment, within 48 months before taking the health policy. Health insurance companies do cover pre-existing illnesses, but after a waiting period.

The waiting period may vary from two to four years, depending on the insurer. However, after this period, the claims under any of the pre-existing diseases get covered. For instance, Apollo Munich's Optima Restore plan has a waiting period of 36 months (three years) for pre-existing diseases, whereas Religare Health has four years as waiting period.

In some cases, the premium may be higher if one has a history of a medical condition, say, diabetes or heart problem. It is important to disclose all facts about your health condition as it plays a crucial role at the time of claim. The insurance company can deny your claim if you had not mentioned pre-existing ailment at the time of taking the policy.

Source

INSURANCE INDUSTRY

Look at claims experience while buying insurance – DNA – 4th June 2019

Insurance itself is a simple concept in what it offers to do. However, complex jargon and multiple legal terms implore the common man to place their trust in agents. How can this trust be enforced? It is quite simple — Buy what you need not what you are sold. The era of "one cover fits all" approach that insurance companies have been using to draft the policies is being challenged gradually.

With a growing tendency among consumers to investigate and compare their investment channels and government regulations being put in place, the tide has changed in favour of the average Indian. Policies are now being carefully designed to fit the trends and needs of the masses while keeping into consideration the varying needs of different demographics. Insurance solutions like marathon insurance, fitness covers, women and student-focused covers are some of the examples in product innovation.

Insurance is a tricky financial product because the benefit is only received by a small fraction of consumers and that too, in times of utmost distress. These benefits, or claims, are the most important part of providing a good customer experience in the insurance world.

Technology innovation impacting claims experience is most worthwhile and heartwarming. For example, claims payout for flight delay as part of travel insurance is seeing the most amount of action. Since flight delay information is freely available and the insurance company knows the customer's flight details from the ticketing website, insurance companies can provide benefit payouts with any claim. The retail customer should look for good claims experience, or as the future is coming to, automatic claims experience, while considering which insurer to buy from.

Insurers are also using the plethora of data in creating more context-based, relevant insurance products. Nothing in India is more relevant than farming. Crop insurance over the last couple of years has evolved from old school picture proof-based, yield-dependent insurance products to real-time, weather tower-based, detailed insurance product. With the aid of distribution channels such as banks, farmers, especially those taking a loan from banks, can get access to the weather-based crop insurance scheme (WBCIS) instantly.

To summarise, price comparison, grievance redressal, auto claims payouts, and context-based, data-driven insurance products are few of the insurance innovations that every Indian should be aware of. The day is not far away when most people in India will have at least one insurance product to cover one or more of their risks and insurance will become a part of the different digital journeys of the daily consumer life.

(The writer is Anik Jain.)

TOP

Source

LIFE INSURANCE

Why single parents must have a life insurance policy – Financial Express – 4th June 2019

With the strict gendered roles, single parenting has for long been frowned upon and disapproved. Yet, instances of single parenting are now getting common in India. The main reason giving fuel to cause single-parent family is because of the permanent absence of a parent from home due to death, divorce or unwed mother. However, these circumstances not only leave your family traumatized but also deprive your child of love by both the parents.

Raising a child in today's society has proven to be the most difficult task. Even with the best of circumstances, parenting is challenging and with one parent, the challenges are multiplied. As a single parent, you fulfil the duties of both mom and dad where you have to juggle between responsibilities, making life a lot tougher. However, for a lot of single parents, the most difficult part is the financial responsibilities. With the rising cost of healthcare, education and food, the cost of raising a child is inflated than ever before in India. Studies suggest that the average cost required to raise a child is approximately Rs 40-50 lakh that includes education, marriage and lifestyle.

As a parent you envision of providing best lifestyle and education to your children and leave no chance in providing the same. But ever wondered what would happen in case of your sudden death? What would happen to your children and other family members? Who would become the guardian of your children to look after their needs and requirements? Though this may be an unpleasant thing to consider, but you know what's best for your child and in order to give your child the best possible life, you need to be well prepared.

Life insurance is an important piece of every family's financial protection plan, but it's especially important for single parents who can't rely on someone else to cover their child's current standard of living and future expenses.

3 Critical Reasons Single Parent Need Life Insurance

 # Debt & Financial obligations

Do you have any debt? This is something every parent must think about how much debt and financial obligations they will be leaving behind when they are no more. Major expenses include mortgage payments, car payments, home loan etc. However, if you are in debt, it is always recommended to take life insurance coverage on a higher side which is enough to cover your debts, so that your family doesn't end up dealing with a burden of debt while also grieving your loss.

 # Cost of raising a child

The most important factor that single parents needs to consider is the cost of caring for their children when they are not around. The needs include day-care for young children, food, transportation, clothing, medical, entertainment etc.

However, these may be the very basic to think about but it's important to think in a big picture way about these types of costs as this would be necessary for the person who would raise your child in your absence. The amount of term insurance you need highly depends on your child's needs and age. If your child is young, the coverage amount required will be high.

 # Child's education costs

Parents are very serious when it comes to education and career of their children. In fact, most of the parents take education as their first priority. Any parent would never compromise on their child's education. We all know the cost of education in India is very high and it is soaring. According to the report by a college board, the average fees of a good college can cost you anywhere between Rs 20 and Rs 40 lakh.

These costs can add up quickly, especially if you have one more child. Even if you are regularly contributing to college funds, but what happens if you pass away? By buying adequate life insurance, it is a great way to make sure your children receive a quality education and won't graduate with tons of student loan debt.

Consider your policy beneficiary carefully

Be careful while naming the beneficiary. A single parent is always inclined to name their child as the beneficiary, but there's a big reason not to. Life insurance companies won't pay the claim directly to the minors. Even if you want to name your children as beneficiaries, you'll also have to name an adult guardian for their benefit. If you do not create a trust or make any legal arrangements to manage the money, the court will appoint a guardian, a costly process, to handle the proceeds until the child reaches 18 or 21, depending on different states.

Insurer	Plan Name	Cover Up to	Annual Premium (Rs)
ICICI Prudential Life Insurance	iProtect Smart	70 yrs	**Male** - 15,457 **Female** - 13425
HDFC Life Insurance	3D Plus Life option	70 yrs	**M** - 15,421 **F** - 13,395
MAX LIFE INSURANCE	Online Term Plans	70 yrs	**M** – 12,862 **F** - 9204
AEGON Life Insurance	iTerm	70 yrs	**M** – 10,867 **F** - 8740
TATA AIA Life Insurance	Sampoorna Raksha	70 yrs	**M** – 12,154 **F** - 10,502
PNB MetLife	Mera Term Plan	70 yrs	**M** – 12,876 **F** - 10,667

Source: www.policybazaar.com

Below are premiums of Term Insurance of both the parents offered by 6 prominent insurers for a 35-year-old male and 35-year-old female non-smoker residing in a metro city. The total sum assured is Rs 1 crore.

(By Santosh Agarwal, Chief Business Officer-Life Insurance, Policybazaar.com)

TOP

Source

Term plan premiums: A ready reckoner – Mint – 3rd June 2019

Name of the insurer	Plan	Premium in ₹ as per age (yrs) of policyholder			Claim settled (%, FY17)
		30	35	40	
Edelweiss Tokio Life Insurance	mylife+ : term	8,496	10,042	12,827	97.78%
Bharti AXA Life Insurance	FlexiTerm	8,260	10,384	13,570	96.29%
Max Life Insurance	Online Term Plan Plus	8,378	10,384	13,334	95.26%
AEGON Life Insurance	iterm	7,497	9,512	12,717	94.56%
Life Insurance Corporation of India	e-Term	17,044	21,061	26,597	94.45%
Tata AIA Life Insurance	Life Insurance iRaksha Supreme	8,732	10,974	15,104	94.00%
Aviva Life Insurance	i Term Smart	7,886	9,662	12,409	92.25%
SBI Life Insurance	eShield	11,092	13,228	16,154	92.13%
Canara HSBC Oriental Bank of Comm. Life Ins.	iSelect Term Plan	7,379	8,849	11,464	92.03%
ICICI Prudential Life Insurance	iprotect smart	9,740	11,919	15,252	92.03%
Aditya Birla SunLife Insurance Co. Ltd.	Online Term Plan	9,522	11,516	14,578	90.51%
Exide Life Insurance	Elite Term	9,809	11,680	14,343	89.61%
IDBI Federal Life Insurance	iSurance FlexiTerm	9,251	11,257	14,089	89.39%
Kotak Mahindra Life Insurance	Kotak e-term Plan	8,968	11,092	14,986	88.88%
DHFL Pramerica Life Insurance Co. Ltd.	Flexi E-term	7,734	9,482	12,201	88.68%

Date of birth has been assumed to be 1 April in the respective year for each age group; Rates are for a male, non-smoker, Delhi-based; Claims information is for FY2017-18 for individual deaths as per Irdai's Annual Report; In ICICI Prudential and Bajaj Allianz, waiver of premium on disability is included; Sahara Life does not offer pure term plan
Source: SecureNow Insurance Broker Pvt Ltd

VIPUL SHARMA/MINT

Life insurance is not about investing your money to earn a return on it, it's about financial protection for your loved ones. The most efficient way to do that is through a term insurance policy. You pay only for insurance and after the policy term ends, you don't get any money back. But on death during the policy term, it pays a huge corpus to the nominees.

Look at the premium (cost of the plan) and the claims settlement record of the insurer.

We list premium rates for some policies of a sum assured of ₹ 1 crore across three age categories for policy terms of 30, 25 and 20 years. The claims settlement rate is measured by the value of the policies as a lower settlement rate is indicative of high ticket-size policies being rejected.

TOP

Source

Secure the future of your loved ones with correct term insurance policy – Mint – 2nd June 2019

Name of the insurer	Plan	Premium in ₹ as per age (yrs) of policyholder			Claim settled (%, FY17)
		30	35	40	
Edelweiss Tokio Life Insurance	mylife+ : term	8,496	10,042	12,827	97.78%
Bharti AXA Life Insurance	FlexiTerm	8,260	10,384	13,570	96.29%
Max Life Insurance	Online Term Plan Plus	8,378	10,384	13,334	95.26%
AEGON Life Insurance	iterm	7,497	9,512	12,717	94.56%
Life Insurance Corporation of India	e-Term	17,044	21,061	26,597	94.45%
Tata AIA Life Insurance	Life Insurance iRaksha Supreme	8,732	10,974	15,104	94.00%
Aviva Life Insurance	i Term Smart	7,886	9,662	12,409	92.25%
SBI Life Insurance	eShield	11,092	13,228	16,154	92.13%
Canara HSBC Oriental Bank of Comm. Life Ins.	iSelect Term Plan	7,379	8,849	11,464	92.03%
ICICI Prudential Life Insurance	iprotect smart	9,740	11,919	15,252	92.03%
Aditya Birla SunLife Insurance Co. Ltd.	Online Term Plan	9,522	11,516	14,578	90.51%
Exide Life Insurance	Elite Term	9,809	11,680	14,343	89.61%
IDBI Federal Life Insurance	iSurance FlexiTerm	9,251	11,257	14,089	89.39%
Kotak Mahindra Life Insurance	Kotak e-term Plan	8,968	11,092	14,986	88.88%
DHFL Pramerica Life Insurance Co. Ltd.	Flexi E-term	7,734	9,482	12,201	88.68%

Date of birth has been assumed to be 1 April in the respective year for each age group; Rates are for a male, non-smoker, Delhi-based; Claims information is for FY2017-18 for individual deaths as per Irdai's Annual Report; In ICICI Prudential and Bajaj Allianz, waiver of premium on disability is included; Sahara Life does not offer pure term plan
Source: SecureNow Insurance Broker Pvt Ltd

VIPUL SHARMA/MINT

Life Insurance is not about investing your money to earn a return on it, it's about financial protection for your loved ones. And the most efficient way to do that is through a term insurance policy. This policy does not invest your money which means you pay only for insurance and after the policy term ends you don't get any money back. But on death during the policy term, it pays a huge corpus to the nominees that can help them tide over any financial crunch and ensure their live are not thrown out of whack. A term plan is the only kind of life policy you need to have because it gives you a large cover for low cost.

However keep in mind that buying a term plan also needs due diligence at your end when filling up the insurance policy form called as the proposal form.

You should look at the premium (cost of the term plan) and the claims settlement record of the insurer before you decide what to buy. To help you do just here the premium rates for a sum assured of Rs1 crore across three age categories for a pure term insurance policy. Policy terms are 30, 25 and 20 years, respectively. The claims settlement rate is measured by value of the policies as a lower settlement rate is indicative of high ticket size policies being rejected.

TOP

Source

GENERAL INSURANCE

Govt may announce infusion of ₹ 4,000 Cr in PSU non-life firms in Budget - The Hindu Business Line – 5th June 2019

The government is likely to announce infusion of about ₹4,000 crore in three public sector general insurance companies to shore up their capital.

The capital infusion will help them improve their financial health to an extent that the proposed merger of the general insurance firms could take place, sources said.

The announcement to this effect could be made in the first full-fledged Budget of Modi 2.0 government, to be presented in Parliament on July 5.

According to the sources, the Department of Financial Services will seek around ₹4,000 crore in the Budget for fund infusion in three insurance companies -- National Insurance Company, Oriental Insurance Company and United India Insurance Company. Depending on the capital that Budget provides, individual allocation would be made, they added.

The profitability of many general insurance companies, including that of state-owned ones has been under pressure owing to rising underwriting losses and higher claims. The two of these public sector companies are struggling to maintain the solvency ratio. As against the insurance regulator Insurance Regulatory and Development Authority's (IRDA) solvency ratio norm of 1.5, National Insurance has an insolvency ratio of 1.5, while United India's level is comparatively lower at 1.21.

It is to be noted that the government, in the Budget 2018-19, had proposed to merge National Insurance Company, Oriental Insurance Company and United India Insurance Company. The then Finance Minister Arun Jaitley in the Budget speech had announced that the three companies would be merged into a single insurance entity.

The process of merger could not be completed due to various reasons, including poor financial health of these companies. As on March 31, 2017, the three companies together had more than 200 insurance products with a total premium of ₹41,461 crore and a market share of around 35 per cent.

Their combined net worth is ₹9,243 crore, with total employee strength of around 44,000 spread over 6,000 offices. In 2017, state-owned New India Assurance Company and General Insurance Corporation of India were listed on the bourses.

Initial estimates suggest that the combined entity formed by merging the three insurers will be the largest non-life insurance company in India, valued at ₹1.2-1.5 lakh crore.

TOP

Source

Travel Insurance: Taking cover in foreign land – The Hindu – 2nd June 2019

It is summer, and foreign holiday time! What if you have to go to hospital while abroad? Your hospitalisation policy covers treatment only within India.

Enter a specialised, short-term policy for hospitalisation outside India. Brand-named Overseas Mediclaim Policy by the public sector general insurance companies or Overseas Travel Insurance, International Travel Insurance and various other names by other companies, it has a cashless medical facility for claims administered through third party administrators operating in the destination countries.

But it is more than a hospitalisation policy. It bundles several covers including against loss of baggage/ passport, flight delays and trip cancellations, emergency medical evacuation, emergency cash advance, personal accident cover, funds for repatriation of remains, personal liability, hijack distress and even a burglary at your home during the trip! Different companies offer varying combinations of options in their packages.

The policy is available for a wide age range with medical screening required beyond a certain age or under certain conditions and premiums increase in case of adverse medical history.

A key feature of the policy is that it covers you from the time you leave India until you step back in, and the premium rates are tailored to these time-frames. The rates differ significantly if the U.S. is or is not part of your travel plans. Sometimes a policy is a visa condition. For example the Schengen visa requires you to have a minimum cover of $50,000 in all its member States.

You can buy a policy for a single trip of one week at the minimum to 180 days at the maximum and even 365 days from some select companies. Annual policies covering multiple trips of 30 days to 90 days per trip and longer are also available.

A 35-year old male travelling to the U.S. for 30 days pays anything between ₹1,700 to ₹4,000 for a $1,00,000 sum insured (SI) policy. If the U.S. is not part of this travel, the premium ranges between ₹1,300 and ₹3,000.

Cover for several trips

If you are taking an annual cover for several trips (including to the U.S.) of maximum 30 days per trip, the premium is about 3,500. The same cover without the U.S. would cost about 2,000.

Please note that this SI is across all its sections, medical coverage and all the rest and so, only part of it is your medical expenses cover. Most terms and exclusions are similar to a domestic hospitalisation policy.

The usual exclusions apart, if you are travelling abroad for medical treatment you are not eligible for this policy. Some companies and policies cover accident-related dental expenses, out-patient treatment and even compassionate visits to and fro during your hospitalisation.

Religare Health Insurance Company Limited, for example, offers a cover for pre-existing conditions in case of life-threatening conditions. Look for sub-limits on room-rent and other expenses and also check for co-pay or deductible clauses. Waivers on all these are also available on some policies as optional extras.

An interesting tip: When you are travelling abroad, your domestic hospitalisation insurance is a waste. But, if you take both policies from the same company, your domestic policy will be suspended for that period and its expiry/ renewal date extended appropriately!

(The writer K Nitya Kalyani is a business journalist specializing in insurance and corporate history)

Source

TOP

Developers seek more clarity on title insurance – Times of India – 2nd June 2019

Title insurance for projects registered under the Maharashtra Real Estate Regulatory Authority (Maha RERA) is yet to take off with developers seeking more clarity on the benefits to consumers and seeking reduction in premium charges.

While the Real Estate Regulation and Development Act 2016 (RERA) mandates the purchase of title insurance for all new and ongoing property projects registered with the regulatory body, the concept of title insurance, aimed at protecting promoters and customers of real estate projects against several risks, has failed to take off in the state.

"We have voiced our concern several times over the high premium and demanded that insurance be done on land cost or construction cost rather than on project cost," said CREDAI vice-president (national) Shanti lal Kataria.

While there are many approved products of main insurers, there has hardly been any transaction with respect to title insurance, stated industry officials. Recently, one of the insurers said that they had done only two deals in Mumbai.

Settlement commissioner S Chockolingam, who has been keenly pursuing the land title bill, told TOI that while people take life insurance seriously, they are not mature enough to handle property title insurance. "It is time both the market and customers evolve and the slow pace can be attributed to teething troubles. Once the land title act comes into effect, either the government or the insurer can provide title insurance," said Chockolingam.

Insurance company representatives feel that even as they are keen on title insurance for housing, they would have to decide on the premium. Title insurance, which is common in the US, is a form of indemnity insurance, which insures builders and customers against financial loss from defects in title and from the invalidity or unenforceability of mortgage loans.

Maha RERA officials added that a title insurance provides security to new buyers against any loss from defects in the property title. The state government is in the process of enacting Land Titling Bill and may consider notifying the mandatory feature of title insurance, another official added.

Once, the state government makes it mandatory, the state real estate regulatory body can enforce it among the promoters of real estate projects "The premiums for such products seem to be expensive and ultimately have to be recovered from the buyers. This could push up the final cost of property," warned another developer.

(The writer is Nisha Nambiar.)

Source

TOP

Home insurance explained. How to choose the right policy – Mint – 1st June 2019

Life, health and motor might be the first few things you tick off on your insurance list but with the recent influx of natural calamities, it has become essential to insure your homes and its contents. Less than 1% of homes in India are insured, said Kapil Mehta, founder, Securenow.in. Mobikwik, a fintech firm, recently launched a product with ICICI Lombard General Insurance Company Ltd to secure the contents of your home during mishaps. The premium is priced at ₹25 per month and sum assured is ₹2 lakh. It protects your TV, fridge and furniture from fire accidents caused by short circuits and gas leakages.

INSURE YOUR HOME

General insurance firms provide home insurance covers in the market. “There are 30-35 products available in the market," said Nikhil Apte, chief product officer, Royal Sundaram General Insurance Co. Ltd. Home insurance plans usually cover the building and its contents. These may include household goods, furniture and gadgets. “Though it varies from insurer to insurer, most plans give coverage against fire, theft and burglary. The risks covered also include damage due to storms and rain as well as malicious damage," said Mehta. The premium for a sum insured of ₹1 crore is between ₹5,000 and ₹10,000, he said.

DOES IT ONLY COVER FIRE SAFETY?

“Home insurance products not only offer coverage against fire perils but also cover burglary and theft, breakdown, snatching (of jewellery), accidental damage (of smart phones, laptops, digital/ video cameras), personal accident (for employees) and employee compensation (covering legal liability of domestic staff under WC Act 1923)," said Apte. Home insurance is bought like any other insurance—you have to fill a proposal form. “You'll have to declare the building and contents of the building. The sum insured is decided based on the cost of construction and location of building," said Mehta.

TOP

Source

Home Insurance: Check out best home insurance plans in India and what do they cover – Financial Express – 31st may 2019

Home is one of the most precious things you build during the course of your life. Many even spend their life-long savings to build a dream home for themselves and their family. It will be devastating if anything were to happen to your home due to any natural calamity or man-made disaster. Measuring the extent of damages entailed by any natural disaster is quite difficult.

People who are careful in terms of securing their financial future by buying a home insurance policy certainly are in a better position as compared to those who do not have the same. As a responsible citizen, people, especially the ones residing in a disaster-prone area, must protect their home and belongings.

In India, there are numerous insurance companies offering sufficient policies to cover your home against a natural disaster. Home insurance in India is offered in 3 ways — one is where you can protect only the structure of your home, another is where you can cover only the content of your home, and then there is a comprehensive policy where you can cover both the structure and the content of your home.

It is important to note that a home insurance policy does not cover the land on which your property stands. Apart from providing cover against natural calamities, a home insurance policy even covers your home against damage due to burglary, fire and allied perils, electrical mechanical breakdown of electrical and robbery. Many insurers even provide cover against the acts of terrorism.

Here we are taking a look at some of the top home insurance plans and their premium for a sum insured of Rs 50 lakh for the structure of a home and Rs 10 lakh for its content.

(By Tarun Mathur, Chief Business Officer-General Insurance, Policybazaar.com)

TOP

Source

HEALTH INSURANCE

Insurance claim cannot be denied on presumption of pre-existing disease: NCDRC – Mint – 6th June 2019

The NCDRC, the apex consumer commission, has held that an insurance claim cannot be denied on mere presumption that a person might be suffering from a pre-existing disease.

The National Consumer Disputes Redressal Commission (NCDRC) said even if the insured person was suffering from a disease and did not know about it nor was taking any treatment for the same, the claim cannot be denied by an insurance company.

The observations by the commission came while rejecting the revision plea filed by Reliance Life Insurance Co. Ltd against the Maharashtra state commission's order dismissing its appeal challenging a district forum's direction to pay ₹1, 12,500 to the husband of one of its policy holders who died of diabetic ketoacidosis.

The district forum had also awarded ₹5,000 towards physical and mental trauma, and ₹3,000 as litigation cost to the husband who had filed the complaint against the insurance company. The NCDRC, while dismissing the revision plea, said the onus to prove the pre-existing disease lies on the insurance company.

The commission also said in its view, diabetes was a lifestyle disease in India and the whole insurance claim cannot be rejected only based on this ground. Rekha Halder died of diabetic ketoacidosis on June 24, 2011.

She was insured under a policy plan of Reliance Life Insurance Co Ltd since July 12, 2010. However, the insurance company repudiated the claim on the ground of non-disclosure of material information. On the complaint of Halder's husband, the district forum of Jalgaon, Maharashtra, had passed an order directing the company to pay him over ₹1.12 lakh.

[TOP](#)

Source

Centre asks 4 states to join Ayushman Bharat – Mint – 5th June 2019

The centre on Wednesday reached out to states, which had opted out of the Prime Minister Narendra Modi-led National Democratic Alliance (NDA) government's flagship health protection scheme, Ayushman Bharat Pradhan Mantri Jan ArogyaYojana (AB-PMJAY), asking them to reconsider their decision.

Union minister of health and family welfare Harsh Vardhan has written to the chief ministers of Delhi, Odisha, Telangana and West Bengal, urging them to join the AB-PMJAY. He has also spoken with the chief ministers of Delhi, Odisha and West Bengal—Arvind Kejriwal, Naveen Patnaik, Mamata Banerjee, respectively—and is trying to contact Telangana's K. Chandrashekar Rao.

"It is important that the benefits of the visionary scheme like Ayushman Bharat should reach all deprived and vulnerable people in the country. I will make all efforts to convince the remaining states and Union territories (UTs) to bring the benefits of the scheme to their people and ensure that no eligible person is deprived of these benefits," said Vardhan.

It is due to the clear and transparent process and ease of access that a large section of the poor population of the 32 states and UTs, which have participated in the scheme, has benefited, the minister said, adding that it has been a success story.

"I assure full support and cooperation to states in aligning their own schemes with Ayushman Bharat," he said.

Urging them to join the scheme, the Minister argued that the states would gain resources, national portability, state-of-the-art technological platforms, implementation systems and world-class analytics systems at no additional cost. They will also benefit from a well-proven fraud monitoring and control system and exchange of key learning and best practices of other states towards equitable healthcare. The health minister said that financial resources will be made available to the States with adequate flexibility in the spirit of cooperative federalism.

"Implementing AB-PMJAY would prove highly beneficial for not just the State but equally importantly to its people and all stakeholders. The ultimate beneficiary of this collaboration will be poor and vulnerable people," said Harsh Vardhan, in the letter.

AB-PMJAY, also dubbed Modicare, which is billed as the world's largest healthcare scheme, aims to provide free health insurance of ₹5 lakh per family to nearly 40% of the population—more than 100 million poor and vulnerable families. Delhi, Odisha, Telangana, and West Bengal after major deliberations during the previous central government refused to adopt the scheme citing different reasons.

(The writer is Neetu Chandra Sharma.)

TOP

Source

How to make health cover work for you – DNA – 5th June 2019

There are many info notes on why taking a health insurance policy is important for you and your family. We see disease patterns fast changing with newer diseases attacking us and old medical conditions getting more severe. We all know medical care is expensive and not having an adequate health insurance cover can deplete your savings considerably. Sure premiums, additional top-ups, cashless facility is what we look for, but we also need to check on simpler finer and practical aspects of health insurance offerings. Make your health insurance policy work magically for you – ensure it is easy to choose, buy and use.

Easy to choose

This is the most important step, choose carefully and you will not have any regrets during claim settlement if any. While choosing a health insurance product, ensure you visit the company website and see their offerings. Spend time to understand what is on offer and look for videos and charts to have a quick understanding of the benefits and covers. There are a few important aspects that you should look into. First, make sure the policy you choose comes without any sub-limit and deductibles. This is important and goes a long way to make sure you get the best treatment without any constraint when you need it the most. Another part is the free look in the period. This gives the liberty to take a refund in case you discover any limitation in your health policy. One should always look for maximum flexibility and minimum complexity.

Secondly, make sure the policy you choose is future ready both in terms of the quality as well as quantity of cover. It is important to see that the health policy you choose is ready to accept treatment that is new and has better results. Many times these new treatments like robotic surgery, etc are more expensive and hence don't get covered. You should make sure to look for them while choosing a policy. Another part of being future ready is the quantity of cover. Many come with renewal benefits and few come with an upfront bonus. You should always look for a cover that comes with an additional sum insured amount either at the start or at the renewal of the policy. This keeps you adequately covered.

Thirdly, an important aspect is to choose the right sum insured. One should opt for the maximum sum insured level that one can afford. Under-insurance is a bigger menace. Lastly, look for the added benefits that are very helpful at the time of needs such as pre- and post-hospitalisation tenure, ambulance benefits, etc. Pre- and post-hospitalisation benefits are important as we end up spending a lot before a procedure and while recuperating. This added benefit covers both.

Easy to buy
With the digital revolution around us, insurance buying should also be revolutionised. An end-to-end paperless digital process where all aspects are integrated is more desirable as the buying process. This is not only faster but also transparent for the customers. This is advisable as the chance of carrying an understanding gap remains minimal. Secondly, when you need the policy or the policy documents, it should always be a click away. There is no need for the physical restoration of the documents.

Easy to use
This is the moment of truth. Firstly, it is advisable to see the number of cashless providers an insurer of choice offers. Secondly, one should look at the network of cashless facilities around the place you are likely to stay, as the probability of using one of the providers around where you are likely to stay is higher.

One should also understand the claims process and decide if the insurer always stays a call or a click away. A dedicated call centre team empowered to make decisions is always better than the ones driven by BOT or a chat window. Choose an insurance company that has a human touch and is there for you at your time of need.

(The writer is Ravi Vishwanath.)

TOP

Source

Govt plans to increase health budget to support Modicare – Mint – 4th June 2019

Ayushman Bharat, the flagship scheme of the previous National Democratic Alliance (NDA) government, seems to be a key focus in the government's second term as well.

While the new government proposes to introduce several upgrades for Ayushman Bharat or the Pradhan Mantri Jan ArogyaYojana (AB-PMJAY), it also plans to increase the health budget to support the scheme.

"We are committed to leveraging all resources efficiently to ensure that the out-of-pocket expenditure on health is reduced and all citizens can avail of necessary medical services. Health of the people of this country is the top priority of the Modi government," said Harsh Vardhan, Union minister of health and family welfare, who took charge on Monday.

"We will consider expanding eligibility criteria to include those poor and vulnerable people who have been left out from the current list of AB-PMJAY. Concerted efforts will be made for empanelling more private hospitals. Also, the government will resolve the bottlenecks in the implementation of Ayushman Bharat and make it more handy and easily accessible for the common man," he said.

Harsh Vardhan also talked about higher budgetary allocation for health, elimination of tuberculosis from India by 2025, taking concerted and time-bound actions to eliminate leprosy and Kala Azar, a separate policy for medical devices focusing on their accessibility and affordability, and major plan outlays for AB-PMJAY.

“We will make Ayushman Bharat-PMJAY and health and wellness centres (HWCs) into a people’s movement. More than 18,000 HWCs have become functional. We also plan to make around 1.5 lakh additional HWCs functional. The government will take up the programme to next level with expanded package of services, availability of drugs and point of care diagnostics and telemedicine facility. The focus will be on consolidating both the streams of Ayushman Bharat," he added.

AB-PMJAY, also dubbed Modicare, which is billed as the world’s largest healthcare scheme, aims to provide free health insurance of ₹5 lakh per family to nearly 40% of the population—more than 100 million poor and vulnerable families.

The scheme has been praised for promoting affordable health. “For the first time, there is discernible effort for moving from selective primary healthcare such as maternal and child health and family planning to broader package of comprehensive primary healthcare. Emphasis on health promotion and specific protection, screening, early diagnosis and prompt treatment as well as public health are clearly evident," said Dinesh Agarwal, senior technical advisor, IPE Global Ltd.

“Success of national health protection scheme —popularly known as Modicare—would also depend on how effectively gate-keeping function is realized at lower level formations in health care delivery system," he said.

The government is also planning to create a common working group comprising the health ministry and the department of science and technology for research and innovation in the health sector by converging the resources and potential of both the ministries.

(The writer is Neetu Chandra Sharma.)

TOP

Source

Will prioritize medical insurance for lawyers: Prasad - Business Standard – 3rd June 2019

Law Minister Ravi Shankar Prasad, who assumed charge on Monday, has said he would focus on fast-tracking the provision of medical insurance for lawyers and look into providing basic facilities for advocates working in remote areas.

Prasad said the Ministry will play a pro-active role in improving working conditions for the lawyers. This year, in February, lawyers from various states held a protest demanding allocation of Rs 5,000 crore in the Union Budget for the welfare of advocates.

The Bar Council of India (BCI) had called a nationwide strike. According to the BCI, lawyers are in need of chambers, facilities, accommodation with well-equipped libraries, e-libraries and medical insurance.

Before the general election, the Law Ministry had formed a committee on medical insurance for lawyers. According to a source in the ministry, the committee comprised Dr .Alok Srivastava, Secretary, Department of Legal Affair; Secretary, Department of Financial Services, and Joint Secretary, Legal Affairs, besides representatives of the Bar Council of India and state-level bar councils.

The committee took up framing of the insurance policy, and then developing a comprehensive policy for the lawyers. The committee is yet to submit its report after initial discussions.

In February, the Law Minister gave an assurance in the Rajya Sabha during Zero Hour that the government has an open mind on considering the demand of lawyers.

Speaking to IANS, Manan Mishra, Chairman Bar Council of India (BCI) said, "We welcome the Law Minister's assurance. We were included in the committee constituted to look into the welfare of the lawyers, and we have already placed our demands before it. A delegation of lawyers will meet the minister next week and hold a detailed meeting. This is a very positive move and I appreciate it on behalf of the lawyers' community."

Mishra said the lawyers' body wanted government to allocate funds in the Budget and involve the BCI and state-level bar councils in the allocated fund-management.

The BCI during the protest had demanded judicial infrastructure for lawyers, similar to such facilities for judicial officers, which include allocation of chamber facilities.

On February 12, in a meeting with the lawyers' association, although the Law Minister had promised to set up a committee to look into the overall welfare issues, it did not agree on budgetary allocation.

TOP

Source

With less exclusion, will health insurance cost more? – Mint – 3rd June 2019

The insurance regulator recently issued a draft on standardizing and rationalizing exclusions in health insurance policies. The draft seeks to redefine terms such as pre-existing ailment to remove ambiguity, seeks to include new lines of treatment due to medical advancement, besides making other customer-friendly recommendations such as giving insurers an eight-year moratorium after which a policy is not contestable except for proven fraud and permanent exclusions. Disha Sanghvi asks experts if such recommendations by Irdai will have the unintended consequence of making health policies costlier.

Welcome step for consumers but premiums may increase
The draft guidelines issued by the Insurance Regulatory and Development Authority of India (Irdai) aim to promote a uniform approach while incorporating exclusions in health insurance products.

Irdai has specified 12 conditions which cannot be excluded. The prominent ones among them are treatment of mental illness, stress or psychological disorders, diseases contracted after a health insurance policy and internal congenital diseases and genetic disorders. There are 17 diseases which can be permanently excluded; these include AIDS and chronic kidney or liver disease.

While this initiative is welcome from a customer’s perspective, the premiums could rise as some of the conditions which cannot be excluded under the proposal are currently not covered by insurers. The exact impact on the price increase might be known only at a later stage as insurers gather the required data to assess the impact of covering these conditions.
—Subramanyam Brahmajosyula, head, underwriting and reinsurance, SBI General Insurance

Insurers will first analyze impact of covering listed diseases
Irdai’s draft for standardization of exclusions has four parts. First is a list of medical conditions which are to be mandatorily covered under health policies, second is a list of pre-existing medical ailments which can be permanently excluded with consent from the insured when the policy is issued. Third, Irdai has prescribed standardization in certain permanent exclusions across insurers, and finally a few procedures carried out as a result of advancement in technology may be covered.

Once the regulator releases the final regulations on the basis of this draft circular, we (insurers) shall internally analyse the impact of covering these ailments for each of our products and then decide on pricing. For extending coverage for mental illness, behavioural and developmental disorders or genetic disorders etc., there are various factors involved in deciding the coverage and price such as age, gender and the line of treatment that the person is undergoing.
—Gurdeep Singh Batra, head, retail underwriting, Bajaj Allianz General Insurance

Health cover pricing will be a combination of many factors
The Irdai draft is good news for both the insurers and the customers. With standardized policies, there will be clarity among customers in terms of what is excluded and what is included. Also, the insurance companies will be able to cover more people as less exclusion will allow them to offer protection to a larger set of the population.

After eight years, insurers cannot deny a claim on account of any health constraints. Technically, any rejection can happen only on account of potential investigation or fraud. That is a safety net for customers. Also, now the regulator has specified a list of 17 exclusions. These can be the only exclusions in any health insurance plan. But insurers have been given the right to underwrite permanent exclusions; so if they want to underwrite heart-related illnesses or diabetes as a permanent exclusion, they can.

Pricing will be a combination of a lot of factors and it's difficult to say right now where premiums will go.
—Tarun Mathur, chief business officer, general insurance, Policybazaar.com

Any hike in premiums will be worth the added benefits
I believe that health insurance helps people to live a better life. Therefore, it is of utmost importance to make sure we create an environment where more people get covered. Irdai's effort towards standardization is a step in the right direction and we believe it would help the industry to enhance penetration.

We believe in risk-based premium for all our products. Risk premium for each age is taken into account and the same is incorporated while we finalize the premium amount for our products. With the introduction of standardization or reduction of exclusion we would not be in a position to forecast the change right away, but will surely keep a watch on the change in the risk premium or the claims experience to decide if there is a need for premium change.

Given that these changes will simplify the policy and increase the coverage, any small increase in premium is still likely to be worth the significant improvements in benefit.
—Ravi Vishwanath, executive director and chief exeutive officer, Reliance Health Insurance

(The writer is Disha Sanghvi.)

Source

TOP

Health insurance covers to get better, get ready for fewer exclusions – Mint – 1st June 2019

The insurance regulator Insurance Regulatory and Development Authority of India's (Irdai) has increased the purview of your health insurance policies by barring insurers from excluding a host of diseases and items. The regulator's draft calls for more coverage and less exclusion. "Considering there are 27 insurers in the market and 400-500 products, all with different exclusions and differently worded terms, the outcomes of all the products were different. This circular bringing in standardisation across products clears the confusion among all the stakeholders of a health policy," said Gurdeep Singh Batra, head - retail underwriting, Bajaj Allianz General Insurance. In a circular dated May 16, the regulator has introduced changes that expand the comprehensiveness of your health insurance policy.

Here's a quick snapshot and what it means for you:

CHANGE IN EXCLUSIONS
In any health insurance policy you will come across the word exclusion. Exclusions basically mean the list of illnesses not covered by your insurer. For instance, so far mental illness was excluded by most insurers in the health insurance policy. With the draft guidelines, along with mental illness, around 11 other illnesses — such as illnesses related to hazardous activities, stress or psychological disorders, puberty

and menopause-related disorders, behavioural and neuro-developmental disorders and genetic disorders—will be removed from the exclusion list. This means if you get any of these illnesses, you will get an insurance cover. “Currently some insurers cover these conditions and some don’t. The regulator is just trying to bring some parity across all the insurers. For example, mental illness was planned to be included after the Mental Illness Act was passed last year," said Batra.

Exclusions such as contracting a disease after purchasing the policy and failure to seek or follow medical advice and treatment will also be removed. Hence, you will get cover for such diseases if the proposed regulation is approved. However, 17 diseases such as a condition of epilepsy, hepatitis B, Alzheimer’s disease, Parkinson’s disease, Acquired immune deficiency syndrome or acquired immunodeficiency syndrome (AIDS), Human Immunodeficiency Virus (HIV) and loss of hearing may be permanently excluded—you may not get an insurance cover for these diseases. “According to a 2016 regulation, only for these 17 diseases the insurers were asked to permanently exclude them but now the regulator is giving the insurers the option to decide if they want to exclude these diseases or not," he added.

STANDARDISED STRUCTURE

The regulator has made all the exclusions and definitions conform to one particular standard that all insurers have to follow, bringing in industry-wide parity. For example, Irdai has said expenses related to the treatment of any illness within 30 days from the first policy commencement date will be excluded except claims arising due to an accident, provided the same are covered.

“Such conditions will be covered from the second year. This was being practiced by a few insurers in the industry but the regulator here is just trying to standardise this practice across the insurers," said Batra. This means all insurers will have to follow the same structure.

MODERN TREATMENT AND DISEASES

The regulator has also ensured that you are not denied insurance coverage for modern treatment methods by listing such procedures which require the usage of advanced technology. Treatments such as oral chemotherapy and robotic surgeries will be covered if the proposed guidelines are approved.

“This change also differed across product designs and insurers, which have now been standardised by Irdai," said Batra.

Waiting period for lifestyle conditions namely, hypertension, diabetes and cardiac conditions is not allowed for more than 30 days except if these diseases are pre-existing and disclosed at the time of underwriting.

“Some insurers were applying a mandatory waiting period of two years whether these conditions were pre-existing or not," said Batra.

CERTAIN NON-MEDICAL ITEMS TO BE COVERED

“The hospital billing pattern varies from one hospital to another. They may subsume some charges into the room rent charges and some may charge it separately," said Batra.

This too leads to a lot of discrepancy in billings, ultimately creating a chaotic claim process. The regulator has created four standardised lists of items. Baby food, laundry charges, sanitary pads, email/internet charges, diapers among others are optional items and are left to the discretion of the insurer if they want to offer coverage. There are a few items that have to be subsumed into room charges including toothpaste, tissue paper, toothbrush and hand wash. There is also a list of items that are to be subsumed into procedure charges and into the cost of treatment. “Earlier there was only one list of non-medical items not payable by the insurer. With the proposed draft, Irdai has created clear demarcations of which items will be covered and which have been left to the freedom of the insurer," said Batra.

(The writer is Revati Krishna.)

Source

TOP

MOTOR INSURANCE

Motor insurance: Six must-know ways to save yourself from fake policies - Business Standard – 7th June 2019

The Motor Vehicles Act deems it mandatory for all car owners to have vehicle insurance. The numbers of road accidents are rampant, reinforcing the importance of a comprehensive motor insurance policy for all vehicles. This is applicable for all commercial vehicle owners who are required to purchase the motor insurance to protect, both, their drivers as well as third-parties from unprecedented accidents. This necessity has given rise to an increase in fraud insurance cases which in-turn is a concern for the insurance industry.

The insurance transaction process often includes reliance on third-party service providers, making insurance companies highly susceptible to fraud within and along its value chain. Significant gap in awareness about the insurance coupled with the misrepresentation of it being a dead investment by customers makes them an easy prey for fraudsters.

Now with the recent rule, where 2 wheeler owners have to purchase third party policy for a period of 5 years and private car owners have to purchase it for 3 years in addition to own damage policy, the premium slab for vehicle insurance has increased drastically for the consumer. This has given rise to opportunities to fraudsters to sell fraud policies to unsuspecting customers, since these are offered at much lower premiums relative to the actual cost of a genuine policy.

Such fraud trends have been noticed across the country and several FIRs have been lodged in large numbers in cities across West Bengal, Maharashtra, Telengana, Karnataka, Tamil Nadu, Delhi, UP, Gujarat, Kerala to name a few.

6 essential ways to protect yourself from fake policies:
In India, since a third party motor insurance is made mandatory by law, it is still the most common form of general insurance that people buy. And since customers are not aware about the details of the policy offering and rather consider it to be a mere formality along with other documentation, they easily get tricked by fraudsters. These fraudsters edit genuine policy copies previously issued by insurance companies to generate totally fake policies in the names of the new customers. These same policies are then shared with both the customers and the RTO. Not only is this unlawful, but also puts the customer in a poor financial situation in case of an accidental exigency, even more so in case of third party life/property damage where the compensation amounts can run into crores.

All this can be avoided, if the customer takes a few prudent steps at the time of policy purchase itself, which can be summed in the following 6 easy steps:

Contact the insurer: One must always contact the insurer directly and confirm the insurance policy information. This can be done by writing an email to the insurance company or by calling its customer care number or by verifying the policy at the insurer's website.

Premium payment receipt: Request valid receipts for all the premiums paid.

QR codes: These days insurance policies come with QR codes. These QR codes help one to verify the authenticity of the insurance policy. All that has to be done is to scan the image of the QR code using a QR reading apps on smartphones.

Read the insurance policy: One must always take some time to read and understand their insurance policy, to not only check the credentials but also to understand the policy coverage details.

Purchase directly from the insurance company: Fake insurance policies can also be avoided if one buys policies directly from the insurance companies or from authentic intermediaries officially recognized by them.

Secured payment modes: One must pay the premium online or through cheques or credit card, so as to ensure that the premium is deposited with the insurance company itself.

The aforementioned tips are necessary to be followed to avoid the loss of money and to avail the necessary benefits required during an uncertain event. The amount of money spent in premium might be meagre as against any future contingency that might arise out of an accidental situation. Hence as a prudent customer, one must ensure buying genuine policies.

Insurance is all about transferring the risk to an insurer so that it takes care of any financial distress faced by the customer, albeit it is indeed transferred to it and not to some fraudulent trickster. Staying aware of such trends and taking preventive measures to ensure the validity of the motor insurance policy initially itself is hence the most advisable step. Don't forget, only a genuine insurance will keep you safe and secure!

(Sanjeev Dwivedi is working as head of Investigation and Loss Mitigation Team at Bajaj Allianz General Insurance.)

TOP

Source

Car servicing startup Pit stop banks on vehicular data to offer motor insurance – Mint – 6th June 2019

Bengaluru-based car services startup Pit stop, which offers doorstep and garage-based repairs for four wheelers, plans to use driver behaviour and vehicular diagnostic data to offer customized auto insurance packages to its customers, according to a top company executive.

The startup's chief executive Mihir Mohan told Mint that Pit stop has completed over 80,000 four-wheeler repairs across both doorstep and garage-based repair options since its launch in early 2016. Data points captured from on-board diagnostic devices, gravity meters, AC sensors, and other vehicle tracking devices will be used to customize Pit stop's insurance product for its customers, he added.

The company is currently working with motor insurance firms to come out with a commercial launch, according to Mohan. Apart from this, a user's driving behaviour captured from OBD devices and other car sensors will also be used to determine policy renewal price, as well as for insurance claims.

"Currently Pit stop's insurance product is in beta test mode, we will announce a full-fledged launch in July," said Mohan. Pit stop currently operates seven cities including Bangalore, Delhi, Pune, Chennai, Hyderabad, and Mumbai.

Mint reported in June last year that telematics-based insurance products, which use data from vehicle trackers had hit a blockade due to regulatory oversight. However, the Insurance Regulatory and Development Authority of India (IRDAI) in November 2018 established a working group to address new policy changes and technological innovations on both motor and health insurance segment.

At that time, IRDAI said that telematics-based data can benefit policyholders by rewarding them with a lower policy renewal amount for good driving behavior. It also suggested using driving behavioral data to offer a "pay-as-you-go" option for motor insurance holders.

A user's driving behavior data captured from cars sensors include parameters like acceleration & braking behavior, distance covered, and other information like car servicing history, fines linked to car. India's current data protection framework does not classify such data as sensitive data, but some policy expert and lawyers differ.

Suneeth Katarki, founding partner, Indus Law said that since such data points are being linked directly to the user, and is being processed to determine policy renewal rates and claims, it can be likely categorized as 'sensitive personal data'.

"As per India's upcoming Privacy Act, sensitive data requires explicit consent, because there must be legitimate purpose, and the extent of data collection also needs to be proportionate to that interest.

The intent should not be that only the insurance company is benefited; the consumers should also be benefited equally, and can eventually be used to promote good driving behavior by charging lower premiums from safe drivers," added Katarki.

For its' upcoming insurance product, Pits top will mainly focus on post-accident vehicle care, and processing insurance claims after an accident or damage is reported by the user.

Currently Pit stop has over 175 garage brands across the country and over 150 independent mechanics on its platform. It has plans to hire over 5,000 mechanics in the coming months and operates mobile repairs vans, and stocks four-wheeler repair parts as well.

Mohan told *Mint* that these resources will be dedicated towards its upcoming motor insurance product as well. "Insurance almost always starts with an accident, and the kind of support we have on the roads and highways is very limited. We want to build transparency across the entire motor ecosystem which includes garages, banks, insurance firms, original equipment manufacturers, towing service providers, and several others," added Mohan during a phone interview.

Pit stop will also integrate its existing SOS feature available on its mobile app for post-accident vehicle care. "We also want to standardize prices of spare parts on our platform, once the vehicle diagnostics is done after an accident incident," added Mohan.

Till date, Pit stop has raised two rounds of funding worth $2.9 million from investors like Blume Ventures, Gold bell Ventures and others angel investors. It generates a monthly revenue run rate of ₹2.85 crore ($405,000), according to the company.

(The writer is Salman SH.)

Source

TOP

Motor insurance to cost more as IRDAI hikes TP insurance premium for cars, two-wheelers – Financial Express – 6th June 2019

The Insurance Regulatory and Development Authority of India (IRDAI) has finally decided to revise the premium rates for Motor Third Party insurance for the current financial year, i.e. 2019-20. The order comes into effect from 16th June, 2019. As per the powers provided to IRDAI under Section 14 (2) (i) of the IRDA Act, 1999, the authority has been notifying the premium rates for Motor Third Party (TP) Liability Insurance every year, starting from 2011.

"For private cars not exceeding 1000 cc, the annual TP premium has been raised from Rs 1,850 to Rs2072, and for private cars exceeding 1000 cc but not exceeding 1500 cc the premium is raised from Rs2,863 to Rs 3,221. However, the TP premium for private cars exceeding

1500 cc will remain unchanged , i.e. Rs 7890," says Sajja Praveen Chowdary, Head-Motor Insurance, Policybazaar.com.

So far as changes for two-wheelers are concerned, TP premium is being increased for the first three vehicle cc slabs while the last slab will remain unchanged on the similar lines of private cars. For bikes not exceeding 75 cc the premium is raised from Rs 427 to Rs 482, for bikes exceeding 75 cc but not exceeding 150 cc the premium is raised from Rs 720 to Rs 752, and for bikes exceeding 150 cc but not exceeding 350 cc the premium will go up from Rs 985 to Rs 1,193. However, for all bikes exceeding 350 cc, the premium will remain the same, i.e. Rs 2,323.

S. No.	Cate-gory	Description of Vehicle Class	Premium with effect from 16th June 2019 (Rs.)
1		**Private Cars***	
		Not exceeding 1000 cc	2,072
		Exceeding 1000 cc but not exceeding 1500 cc	3,221
		Exceeding 1500 cc	7,890
2		**Two Wheelers**	
		Not exceeding 75 cc	482
		Exceeding 75 cc but not exceeding 150 cc	752
		Exceeding 150 cc but not exceeding 350 cc	1,193
		Exceeding 350 cc	2,323

**Vintage cars: A discount of 50% shall be allowed for private cars under Vintage cars segment certified as Vintage cars by Vintage & Classic Car Club of India.*
(Source: IRDAI)

"A detailed analysis of the proposed increments establishes a maximum increase of 12.5% for private cars and 21% for two-wheelers over the current premium after 2 years. IRDAI has been regularly increasing the Third-Party (TP) motor vehicle insurance rates for 5 years continuously since 2013, but it did not increase the same in the last financial year, i.e. 2018-19. Since the average increase in the TP premium over the last 6 years for private cars was 29% and for two-wheelers was 23%, an increase in TP premium was widely expected by the industry experts in the range of 20-30% to keep a pace with the moderation," says Chowdary.

The authority used the data provided by the Insurance Information Bureau of India (IIBI) for deriving the Motor TP premium rates and the claims paid data in respect to each of the accident years. The data into consideration has been taken from the year 2011-12 up to 2017-18.

"Irrespective of an increase, however, it is always advised to insure your vehicle before the policy expires. Also, those who might be waiting till the last day of their renewal date need to be more cautious so that they don't end up purchasing their policy possibly at a higher price," advises Chowdary.

(The writer is Sanjeev Sinha.)

TOP

Source

IRDAI hikes third party insurance on small, medium cars by 12-12.5% - The Indian Express – 6th June 2019

The Insurance Regulatory and Development Authority of India (IRDAI) have increased the third party (TP) motor insurance premium for small and medium private cars by 12-12.5 per cent for 2019-20. It has also proposed a hike in TP premium for two-wheelers and heavy vehicles for the current year.

The new rates will come into effect from June 16. The insurance regulator had in March deferred the hike in third party insurance premium due to the elections.

IRDAI has proposed a 12 per cent hike in private cars below 1000 cc engine to Rs 2,072 and a 12.50 per cent increase to Rs 3,221 for cars with engine capacity of 1000-1500 cc. In May, IRDAI had proposed a hike of 14.6 per cent and 15.26 per cent in premium, respectively, for these two categories but reduced the rates after getting feedback from the public. There is no change in the premium of Rs 7,890 for cars above 1500 cc capacity. In the case of two-wheelers (between 150 cc and 350 cc), it has increased the TP insurance cover by 21.11 per cent to Rs 1,193. For two-wheelers between 75 cc and 150 cc, it hiked TP rate by 4.44 per cent to Rs 752. The premium for two-wheelers above 350 cc remains at Rs 2,323.

In the case of goods carriers with gross vehicle weight (GVW) up to 7,500 kg, it has decided to increase the TP premium from Rs 14,390 to Rs 15,746, for vehicles with GVW between 7500 kg to 12,000 kg, the rate will go up from Rs 24,190 to Rs 26,935 and for vehicles between 12,000 kg to 20,000 kg, the rate will rise from Rs 32,367 to Rs 33,418.

IRDAI has introduced two new categories. In these, the electric vehicles have been introduced on the basis of motor power and their rates are around 15 per cent lower than that of traditional fuel vehicles. The other one is the category of Quadricycle in the private car segment where the rates have been kept at par with the traditional fuel vehicles to give a boost to this new emerging segment.

In the commercial segment too, two new categories have been introduced. The first one is the quadricycle, which is an upcoming segment for intra-city shared mobility. TP rates are kept asPCV (public carrying vehicle) 3W rates for this upgraded version which is likely to help the industry to promote the vehicle segment in the market. The second new category to be introduced is the school bus with rates kept lower than other buses.

"This will bring in a further categorisation in the risk segment between school and route buses. This will serve as an incentive for a segment which has a lower loss experience ... "said Gurneesh Khurana, president and business head — motor, Bajaj Allianz General Insurance.

In March 2019, IRDAI had decided not to increase the annual premium for Third Party (TP) policies until further orders. Insurers were then expecting TP premium, currently regulated by IRDAI, to rise by 20-30 per cent going by last 6 years' trend. Over the last 6 years, third-party premiums increased by 29 per cent for car and 23 per cent for two-wheelers on an average. "The new TP rates have been quite customer-centric and keeping in mind the developments in the automobile industry. The rates for long term policies for new private vehicles have been kept the same," Khurana said.

Every year, the regulator decides the third party insurance premium that remains the same across all the insurers. The premium is evaluated considering the annual claims data of all insurers across different cubic/engine capacity of the vehicle. As per The Motor Vehicles Act, 1988, it is mandatory to insure vehicles with at least third-party insurance cover.

TOP

Source

Decoding hike in motor insurance premium – Mint – 1st June 2019

The Insurance Regulatory Development Authority of India (IRDAI) has proposed to hike insurance premiums of two-wheelers and private cars purchased before 1 September. However, insurance premiums of new private cars and two wheelers sold after that stay put for the on-going financial year. This essentially means that the hike is in the renewal premiums and not the long-term premiums. For cars below 1,000 cc, the premium will go up to ₹2,120 from ₹1,850 for the financial year 2019-20 and for cars between 1,000 cc and 1,500 cc, premium has been proposed to be increased to ₹3,300 from ₹2,863. Premiums for those exceeding 1,500 cc remains at ₹7,890.

"The regulator has asked for comments on the circular up till May 29 but the proposed rates are expected to be rolled out only from June 1," said Sajja Praveen Chowdary, head motor insurance, Policybazaar.com.

The regulator has increased the premiums by 15 to 20%. “We had earlier expected an increase of 20 to 25%," said Chowdary. The regulator proposed an increase to counter the effects of cost increases for the insurers.

“The claim costs for the companies have gone up owing to inflation and rise in the levels of court awarded claims. The regulator has proposed to correct this imbalance of premium to claims through this increase," said Shanai Ghosh, chief marketing and commercial strategy, Edelweiss General Insurance.

MOTOR VEHICLES ACT

WHAT IS IT?

The Motor Vehicles Act 1988 makes it mandatory for every vehicle to have a third-party insurance cover. Until last year, vehicles plied on the road were insured under one-year policies which required annual premium.

The regulator issued a directive last year making three-year third-party and five-year third-party insurance policies mandatory for four and two-wheelers respectively. The damage cover can be taken separately or in packages along with the third-party cover.

In future, the premiums may not be raised any further from the proposed rates. This has roots in the impending motor vehicles act. "The act had proposed that the third-party claims need to be filed within six months of the accident.

Earlier, this period was eight years, said Chowdary. "The shortened period lessens the chances of fraudulent claims. This will have a positive impact on the insurer's claim ratio and if they trickle down the benefits to the customers, the premiums may stay put in future," said Chowdary.

The proposed long-term three year premium for new private cars and five-year premiums of two wheelers remain the same. The three-year premium for new private cars below 1,000 cc is ₹5,286, for cars between 1,000 cc and 1,500 cc, the premium is ₹9,534 and for those exceeding 1,500 cc, the premiums remain at ₹24,305.

“Most cars are less than 1,500 cc and very less are in the category exceeding 1,500 cc and the increase has happened in the first two categories," said Chowdary. The five-year single premium for new two wheelers for vehicles less than 75 cc is at ₹1,045, more than 75 cc but less than 150 cc is at ₹3,285, more than 150 cc but less than 350 cc at ₹5,453 and for vehicles exceeding 350 cc, the premium remains at ₹13,034.

“The new draft proposal does not have any impact on new business as there has not been any change in insurance premium of new purchase of two-wheelers and cars," said Rakesh Jain, executive director and chief executive officer of Reliance General Insurance. “Since there is a slight increase in premiums, the customers may buy their insurance plans in the next few months before the plan rolls out," Jain said.

Impact on overall premiums

Your overall motor insurance premium includes own damage premium and third party premium. “The own damage rates has not seen any upward movement in recent times. So for you, the increase in premium will only be due to any increase in third party rates," said Ghosh.

Keeping the current development in mind, you may think that under all circumstances, your overall premium will increase. However, that is not the case.

“For motor insurance renewal, the own damage premium generally goes down for the consumer year on year due to a decrease in the value of the vehicle because of depreciation. If there are no claims made in the previous year, this drop in own damage premium in absolute terms may actually offset the proposed increase in third party premium," Ghosh added.

You will get a discount on your premiums if you do not claim in the previous year hence the offset.

“Typically for a three-year old car, the split between own damage and third party premium is 60:40. So, for a similar vintage car, a 15% increase in premium will translate into a 6% increase on total premium," said Ghosh.

(The writer is Revati Krishna.)

Source

TOP

CROP INSURANCE

Rectify anomalies in crop insurance disbursal: Farmers – The Times of India – 7th June 2019

The government is yet to announce the crop insurance compensation for 2018-19 even three months after the mandatory date of disbursal, farmers in Thanjavur have alleged. This despite a lot of anomalies in disbursal of compensation remaining unresolved since 2016. Hence, they have urged boththe state and the central governments to disburse compensation on time and solve the discrepancies.

The scheme, Pradhan MantriFasalBimaYojana (PMFBY), was launched in 2016 to provide insurance to farmers from all risks during cultivation. In comparison to earlier schemes, the PMFBY is more farmer-friendly with sums insured being closer to the cost of production. However, farmers alleged that a number of them from delta districts, particularly Thanjavur, had not received even the first compensation disbursed for 2016-17.

Some others could not get the full compensation amount, they further said.

In Thanjavur district, about 93,000 farmers insured their crops during 2016-17 while 86,000 did it during 2017-18. Out of these, 50 to 60% of farmers alone have fully received their compensation, claimed the secretary of Thanjavur District Cauvery Farmers Protection Association, Swamimalai S Vimalnathan.

“The authorities from primary agriculture credit cooperative societies (PACCS), who receive the compensation from insurance companies, are not properly disbursing it to the affected farmers. Some of the farmers got 50% while some others received 70% and a few others in full”, he said.

This apart, the assessment of crop loss for 2018-19 was completed during February-end.

Though the compensation for the same should have been announced before the end of March, nothing had been announced by the government till now, he further said.

“Though it is one of the best schemes, since there is no transparency in its implementation, the Union government should establish a monitoring authority to avert anomalies”, he further stated.

(The writer is D Vincent Arockiaraj.)

TOP

Source

As some farmers get ₹1 insurance, Maharashtra govt steps up - The Hindu Business Line – 4th June 2019

Sensing the groundswell of resentment among farmers receiving meagre crop insurance compensation ranging from ₹1 to ₹5, the Maharashtra government has decided to pay ₹1,000 to farmers who receive compensation of less than ₹1,000. The State has issued a government resolution (GR) announcing that it would shoulder the burden of the amount paid to farmers. The government’s decision comes against the backdrop of agitations by farmers against the Pradhan MantriFasalBimaYojana.

The insurance scheme is supposed to provide insurance coverage and financial support to farmers in the event of failure of any of notified crop as a result of natural calamities, pests and diseases. In the last few months while the State has been reeling under a severe drought, farmers have been complaining that the insurance companies are making a mockery of them by paying insurance compensation of ₹1 and ₹5. Farmers across the State have been agitating against the insurance companies.

The State government, in a GR, states that the insurance companies must approach the State Agriculture Commissioner with information of farmers whose compensation is less than ₹1,000. The State shall pay the gap to the insurance company and ensure that the farmers get at least ₹1,000.

Government sources said that the Chief Minister was worried about frequent farmers' agitations against insurance companies and had asked the Agriculture Department to work on the draft to mitigate farmers' anger. The scheme is applicable for Kharif and Rabi crops last year and the government has started the process to draft terms and conditions for the scheme.

Farmers, especially in the drought-hit Marathwada region, have been complaining that insurance companies are not paying compensation to farmers and those who have got insurance are not happy with the amount paid to them.

TOP

Source

PM Fasal BimaYojna may lose sheen if BJP fulfills promise on scheme - Business Standard – 3rd June 2019

If the BJP-led government sticks to its election promise of making Pradhan MantriFasalBimaYojana (PMFBY) voluntary, it might take away much sheen from the scheme, say experts.

At present, the scheme is compulsory for loanee farmers, who constitute about 80 per cent of the total enrolments. So, as soon as a farmer takes a bank loan, the premium for the scheme gets auto-deducted. For the rest, enrolment is optional. According to insurers, this would lead to risk selection, leading to rise in premium and reduction in the volumes.

"Currently there is no selection involved in the scheme. If the scheme is made voluntary for the farmers, there will be huge adverse selection against the insurance companies. As a result, the portfolio will shrink and the premiums would increase," according to a senior official in the general insurance company.

The BJP manifesto reads, "Our scheme, Pradhan MantriFasalBimaYojana (PMFBY) has ensured risk mitigation and provided insurance cover for all farmers. We will make enrolment of farmers under the scheme voluntary."

"If PMFBY is made voluntary, it will be a risky business to do. Certainly the premium rates would increase and the size of the scheme will shrink," said another executive of a public sector general insurance company.

The crop insurance scheme is itself facing challenges in its implementation. Between FY16 and FY17, the number of farmers enrolled in the scheme declined from about 57.3 million to about 48.5 million, a fall of around 15 per cent.

Data discrepancy, leading to high claim ratios in certain states, has been a major concern, often resulting in delay of settlement. According to insurers, crop cutting experiments (CCE) in the previous years were not properly conducted in several states.

The CCE data at harvest helps assess yield loss. But collecting the data requires substantial manpower. At present, state governments have the responsibility to conduct these experiments. In many cases, the test has not been conducted on the date mentioned to insurers, while in others, the data provided by state governments did not match ground realities.

The PMFBY is based on actuarial calculations, and rates are based on risk perception. Thus, premiums differ, based on crops and regions. Thus, in drought-prone areas the premiums are generally higher, and the payouts are also high. However, the insurance companies get the benefit of volumes, by getting premium from other regions where cropping pattern is generally stable.

A farmer pays only a flat 2 per cent premium, the rest is provided by the central and state governments. On average, the premium comes to 12-15 per cent, with the state and central governments bearing 5 per cent each.

(The writer is Namrata Acharya.)

TOP

Source

Tech holds key to fast-tracking crop insurance claims - The Economic Times – 1st June 2019

The government plans to rope in specialised agencies that can use satellites, remote-sensing data, unmanned aerial vehicles and artificial intelligence to assess crop yield estimates at the panchayat level, reducing delays in crop insurance claim settlements.

The use of technology to expedite insurance claims has become even more important as the government has mandated to settle insurance claims within two months of filing the claims.

"In September last year, the government had imposed a 12% penalty for delayed settlement on insurance companies if payment was not made within two months of prescribed cut-off date. Since then, there has been significant improvement in a few states and farmers received the claims on time," said a senior government official, who did not wish to be identified.

The government will start with the assessment of eight crops, including paddy, maize, sorghum, soyabean, bajra, cotton, groundnut and guar in the ensuing kharif season.

The study will be conducted in at least five districts across three states of different agro-climatic zones on three crops covering at least 10 panchayats of a block in the district. The report has to be submitted by February 2020.

"Crop yield information is mandatory for insurance estimation under Pradhan Mantri Fasal Bima programme. The laborious crop-cutting experiments are time consuming resulting in delay of insurance settlements. Government wants to provide immediate relief to farmers. So, it has decided to use artificial intelligence and other technologies to assess the crop damage," said a senior official of Mahalanobis National Crop Forecast Centre, the nodal office for this programme.

He said the need to go for new-age technology is also because in the existing method of crop yield estimation, the allocation and selection of fields for conducting crop cutting experiments (CCE) is based on the information of crop of previous years due to non-availability of current year information at the time of survey. "As a result, the precision of estimate is affected. The remote sensing technology and unnamed aerial surveys will help reaching the exact amount of crop yield for particular crop in the given agro climatic zone," he said.

(The writer is Rituraj Tiwari.)

TOP

Source

INSURANCE CASES

Insurance firm told to pay Rs 1.25 lakh to 70-yr-old woman - The Tribune – 5th June 2019

For causing mental agony and harassment, the State Consumer Disputes Redressal Commission has directed an insurance company to pay Rs 1.25 lakh to a local woman, who met with an accident in the USA.

According to complainant Harinder Kaur Gill (70), a resident of Sector 8-A, Chandigarh, she went to the USA in 2016 and before leaving, she bought insurance policy on May 20, 2016, by paying the premium of Rs 13,144 to Bajaj Allianz General Insurance Company Limited.

On July 14, 2016, when she was travelling in a car, driven by her brother, she met with an accident. She suffered injuries and was hospitalised. The hospital authorities raised a bill of US$1,24,000, but she was not in a position to pay the charges. Therefore, on her brother's advice US$10,00,00 were paid by the insurance company, with which car was insured.

After coming back to India, Harinder Kaur filed her claim with the insurance firm, but the company did not process it within a reasonable time. At one point of time, the firm put a condition that she should personally go to the USA for bringing medical papers with respect to admission, treatment expenses and other documents. Therefore, she went to the USA, spent a lot of money on air ticket, bus and taxi charges to bring papers.

According to the complainant, it was the duty of the insurance firm to settle the claim, but it kept dilly dallying on the matter on one pretext or the other.

In its reply, the insurance company stated that the complainant had already availed the accidental benefits and medical expenses from the insurance firm, with which the car was insured. There was no liability on the part of the opposite party, the company added. It was denied that the complainant went to the USA when asked by the insurance company for bringing papers related to her treatment. It was stated that in such an advanced technology available nowadays, documents could be provided electronically without loss of time. It was further stated that during pendency of the complaint, the insurance company paid USD 17,464.87 to the hospital.

"At the time of arguments, it was stated by counsel for the insurance company that the entire liability stood paid to the hospital concerned and no amount was due now. No doubt, it is true that the entire liability stood paid to the hospital, but very late because the complainant took the policy on May 20, 2016, and accident took place in the USA on July 14, 2016, but the payment of USD 17,464.87 was made by the insurance company on March 27, 2019, (after more than 2 ½ years from the date of accident). This amounted to deficiency in service and indulgence in unfair trade practice on part of the insurance firm," observed the commission.

After hearing the arguments, the commission directed the insurance company to pay a compensation of Rs 1 lakh for causing mental agony and harassment to the complainant and Rs 25,000 as the litigation cost.

The case
The complainant had met with an accident in the USA while travelling in a car.

Source

TOP

Insurance firm told to pay 75 per cent of claim amount - The Tribune – 3rd June 2019

The District Consumer Disputes Redressal Forum has directed the United India Insurance Company Limited to pay 75 per cent of the total amount assessed by the surveyor, Rs 70,643, along with the interest of 12 per cent per annum to the owner of the insured vehicle from the date of repudiation of the insurance claim on November 14, 2017 till realization.

The Forum has also directed a compensation of Rs 8,000 and litigation expenses of Rs 4,000 to be paid to the complainant within 30 days.

In the case, Santosh Singh Aujla, of Bhagat Singh Nagar, Hoshiarpur, had filed a complaint against United India Insurance Company Limited, Morinda, District Ropar, through its branch manager and United India Insurance Company Limited, divisional office, Hoshiarpur, through its divisional manager and Axis Bank Limited, Court Road, Hoshiarpur under section 12 of the Consumer Protection Act, 1986.

The forum's bench comprising of President Karnail Singh and member Rajita Sareen decided the case. The complainant had got his Toyota Fortuner comprehensively insured with United India Insurance Company Limited, Morinda for the period September 8, 2017 to September 7, 2018.

The said vehicle was insured with Bharti AXA General Insurance Limited prior to this. On September 12, 2017, the vehicle met with an accident near New Grain Market, Phagwara Road, and Hoshiarpur. The vehicle was got repaired and an amount of Rs 76,153 was paid by the complainant.

The own damage claim was lodged with the insurance company by the complainant and a surveyor conducted the survey on the said vehicle. The complainant, on November 14, 2017, was intimated that his claim has been repudiated.

The complainant filed complaint with the Forum to direct the insurance company to pay a sum of Rs 76,153 towards the amount of repair, a sum of Rs10,000 as compensation and litigation expenses of Rs 10,000.

Despite service of the notice the Axis Bank failed to appear and was proceeded against ex parte.

Whereas, Insurance Company's branch and divisional offices contested the complaint by taking objections that as the claim of the complainant was repudiated for concealing the fact in regard to previous claim settled from Bharti AXA General Insurance Company. It was alleged that the complainant had given a declaration of 'No Claim Bonus', but the complainant had denied giving such declaration.

The Forum observed that the insurance company had not given an appropriate reply that the complainant has given declaration there was no document placed on the file wherein a declaration given by the complainant was there.

The Forum observed, "...it is the bounded duty of the insurer to make inquiry from the previous insurance company and similarly in the instant case, the insurer did not make any inquiry from the previous insurance company i.e. Bharti AXA General Insurance Company Limited. So, it is the fault of the opposite parties itself and the opposite parties cannot deny the insurance claim of the complainant on this ground".

The Forum decided that the complainant paid 25 per cent less premium so his insurance claim should be decreased by 25 per cent. The Forum finally ordered the insurance company to pay the complainant the amount assessed by the surveyor Rs 70,643 deducting 25 per cent amount, the compensation as well as litigation expenses.

TOP

Source

Insurance firm told to compensate over Rs60K – The Hindu – 2nd June 2019

A district consumer disputes redressal forum here has directed the United India Insurance Company to compensate a policy holder by paying over ₹60,000 for "unjustified" repudiation of a mediclaim policy.

The directions came when the consumer panel was hearing a complaint moved by city resident Paramjit Singh Belvi, who alleged that despite holding a valid mediclaim policy, the claim, meant for his wife's treatment was rejected by the insurance firm on the grounds of a "pre-existing disease."

Dismissing contentions put forth by the insurance firm, pertaining to clauses mentioned in the policy, the consumer panel observed, "We have read the contents of the policy with great circumspection. There is no mention in the policy as to the applicability of the relevant clause barring claim based on pre-existing disease."

The consumer disputes redressal forum further observed, "Not only this, the terms and conditions of the policy were never supplied to the complainant. Since the insurance contract is in good faith, both parties have to be honest to each other. The insured should disclose the true state of his health and the insurer should appraise the insured of all the terms and conditions, which has not been done in the present case."

Holding the insurance firm deficient in services, the bench additionally observed that the firm had failed to provide evidence of the "pre-existing disease."

"Where the plea of pre-existing disease is taken up for repudiation of claim, the firm should lead medical evidence or examine the doctor who treated the insured. The firm has not led any such evidence," the panel observed.

For harassment

Directing compensation of over ₹50,000, the consumer panel awarded an additional amount of ₹10,000 to the complainant for harassment and mental agony caused to the latter.

Source

TOP

Ahmedabad: 'Dead man' bought life insurance policy – Times of India - 2nd June 2019

Did a dead man walk into an insurance office to obtain a life insurance policy? Or did his widow project the dead man as alive to get the policy? The issue arose before a consumer court, which has rejected the insurance claim of the widow, but asked her to approach a civil court.

According to case details, Munna Gopichand Gaekwad obtained a Rs 15 lakh insurance policy from Aviva Life Insurance Co India Ltd on September 5, 2011. Two years later, his widow, Anita Gaekwad claimed the insurance amount intimating the company that her husband had died on July 12, 2013.

The insurance company denied the claim saying that its investigation revealed that Gaekwad had died much before the policy was issued.

He had died on April 14, 2011, at a private hospital and the policy was issued in September 2011. The widow approached the Consumer Dispute Redressal Forum, Ahmedabad (City) and asked if her husband had been dead before the policy was issued, who signed the policy proposal form. Did the company not verify details, she asked.

The company told the consumer court that Gaekwad was known as Chandan Gopichand Gaekwad. Local police records show that he had a criminal record. He was alcoholic and died in April 2011 due to a heart attack. Anita's election card also reflected her husband's name as Chandan. It was asserted Chandan and Munna were the same person.

After hearing the case, the consumer court said that to decide whether Anita had obtained the policy by using forged documents, a summary trial was needed which the consumer court cannot undertake. The consumer court also noticed that there was another policy claim for Gaekwad's death, but a day before the judgment, Anita withdrew her complaint. This raised doubts on her claim and hence her complaint was rejected.

TOP

Source

PENSION

India: Govt to contribute 50% to pension scheme for shopkeepers & retailers – Asia Insurance Review

The new Indian government, led by Prime Minister Narendra Modi, has approved at its first Cabinet meeting last Friday a new pension scheme that is targeted at shopkeepers, retail traders and self-employed persons.

50m traders are expected to join the scheme in the next three years, Union Minister Prakash Javadekar briefed reporters, according to a report by Press Trust of India.

"All shopkeepers and self-employed persons, as well as retail traders with GST turnover below INR1.5 crore ($217,000) and aged between 18-40 years, can enrol for the scheme," an official statement said.

The government will make a matching contribution in the subscribers' account, the statement added. The scheme provides a minimum monthly pension of INR3, 000 to all shopkeepers, retail traders and self-employed persons after they reach the age of 60 years.

Interested persons can subscribe to the scheme through over 325,000 common service centres spread across the country. Praveen Khandelwal, secretary general of the Confederation of All India Traders, said that the pension plan has been one of the key demands of the trading community.

TOP

Source

IRDAI CIRCULARS

IRDAI issued circular regarding Insurance Regulatory and Development Authority of India (Appointed Actuary) (Amendment) Regulations, 2019.

TOP

Source

IRDAI issued order regarding premium rates for motor third party liability insurance cover for the financial year 2019-20 effective from 16th June, 2019.

TOP

Source

Updated list of Insurance Repositories as on June, 2019 is available on IRDAI website.

TOP

Source

Updated list of Non-life insurers is available on IRDAI website.

TOP

Source

GLOBAL NEWS

Global reinsurance market is firming but not considered hard yet – Asia Insurance Review

Reinsurers saw some green shoots during this year's April and June renewals, with property catastrophe rate increases in the 15% to 25% range on loss affected accounts, according to S&P Global Ratings. The change follows disappointing reinsurance pricing increases in 2018 and early 2019.

The recent underperformance of property catastrophe in combination with lackluster performance in other lines of business posed a threat to the reinsurance sector's underwriting margins, overall profitability, and ability to earn its cost of capital, thus forcing reinsurers' hand to push for price increases.

In a report entitled "2019 Pricing's Green Shoots Look Promising" released earlier this week, the international credit rating agency said, "At this stage in the cycle, we characterize the current global reinsurance pricing environment as a hardening market rather than a hard one."

Key takeaways from the report include:

- Record back-to-back catastrophe years in 2017-2018 and the resulting loss creep are shaping 2019 renewals.
- During the January 2019 reinsurance renewals, price increases were modest while in April and June they were more pronounced, confirming the regionalization of reinsurance pricing trends.
- Alternative capital has become an integral part of the property catastrophe market and despite its recent slowdown; S&P expects its growth to pick up once the latest bumps are smoothed over.
- The National Oceanic and Atmospheric Administration (NOAA) predicts a 40% chance of a near-normal 2019 Atlantic hurricane season, with El Nino and a warmer-than-average Atlantic shaping this season's intensity. The forecasts include a 30% chance of an above-normal season, and a 30% chance of a below-normal season

June 1 renewals: Double-digit increases, but hoping for more

As June renewals come to a close in Florida, initial conversations with reinsurers are indicating a decent season in line with the industry's experience during the Japanese renewals in April that saw rate increases in the 15% to 25% range. It was another late renewal season, characterised as "reasonably orderly." The ongoing revisions to the losses from Hurricanes Irma and Michael, driven by the assignment of benefits (AOB) and demand surge, are testing reinsurance pricing assumptions and the alternative capital resolve, which made it all the more important that reinsurers got double-digit rate increases this time around. Unlike in past years, reinsurance capacity was not plentiful, with the supply-demand equation fairly balanced.

Alternative capital maintains its cautious stance after multiple catastrophe losses and loss creep during the past two and half years, seeking refuge with quality managers--thereby highlighting the flight to quality trend observed during the past couple of quarters. According to some reinsurers, the amount of alternative capital deployed/available limits is down about 20% because of trapped capital covering pre-existing catastrophe losses.

Helped by a tight supply of alternative capital, traditional reinsurers led the charge on pricing, as well as terms and conditions, which resulted in healthy increases, which were not materially influenced by the recent AOB legislative changes. With 20% to 30% rate increases, retrocession pricing gains were higher than those on reinsurance, once again reflecting trends from January and April renewal seasons. This further highlights the interplay between reinsurance and retrocession pricing.

While Florida property catastrophe rate increases are in the low double digits, the market can't be characterized as a hard one, but rate improvements are headed in the right direction, signaling momentum toward desired risk-adjusted pricing.

Outlook

S&P maintains a stable outlook on the global reinsurance sector and on the majority of the reinsurers it rates, reflecting reinsurers' still-robust capital adequacy although below historical levels due to active catastrophe years in 2017-2018, unrealised losses on fixed-income securities because of higher interest rates in the US, and fourth-quarter 2018 stock market volatility.

Thus far, strong enterprise risk management has helped reinsurers maintain relatively disciplined underwriting. S&P still believes the sector faces competitive business conditions as the influx of alternative capital, though at a slower rate, continues to challenge reinsurers' business models.

Difficult market conditions have driven reinsurers to rethink their short- and long-term strategies. This has led many to pursue mergers and acquisitions (M&A), divest nonperforming businesses, diversify into less-commoditized lines of business, and embrace the permanence of alternative capital.

They've also adjusted risk exposures, and are actively managing their capital structures through share buybacks and special dividends, and refinancing their maturing securities with more cost-effective ones.

Reinsurers are exploring new opportunities for growth and ways to fill the protection gap. The top reinsurers in the sector have succeeded by focusing on client relationships and recognizing the need to act as both a capacity provider and a risk partner, with the ability to offer customisable solutions to clients.

TOP

Source

China: Insurance sectors stay well capitalised with average solvency ratio exceeding 200% - Asia Insurance Review

The solvency ratios of Chinese life insurers and reinsurers declined in 2018 but increased for property and casualty (P&C) insurers, Moody's Investors Service says in a new report released on Monday.

All three sectors remained well capitalised, with reported average comprehensive solvency ratios in excess of 200%, well above the regulatory minimum of 100%.

"The average solvency ratios of Chinese life insurers were affected by volatile capital markets and higher capital requirements amid rising market risk, while premium growth has been slowing from the shift to longer-term protection-type products," said Mr Frank Yuen, a Moody's vice president and senior analyst.

"P&C insurers meanwhile benefited from capital injections that pushed up their solvency ratios, but their ongoing shift towards non-motor products – driven by motor pricing deregulation – will limit any further improvement," added Mr Yuen.

The increased risk diversification among both life and P&C insurers in turn has resulted in strong cession growth for reinsurers. While reinsurers have thus seen sizeable business growth, this has been accompanied by an increase in reserve liabilities and risk charges, and declining solvency ratios.

TOP

Source