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INSUNEWS

- Weekly e-Newsletter

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• Quote for the Week •

"The roots of true achievement lie in the will to become the best that you can become."

Harold Taylor

INSIDE THE ISSUE

Insurance Industry

Feedback sought on draft law to fix bankruptcy in banks, insurance companies - The Economic Times – 29th September 2016

The government has put out a draft law proposing a mechanism to deal with bankruptcy in banks, insurance companies and financial sector entities, which when passed will complete the legal framework for dealing with failed business. The Financial Resolution and Deposit Insurance Bill, 2016 has been put out for stakeholder feedback.

The government has simultaneously released the report of a committee set up to work out a draft code. Comments and suggestions have to be submitted by October 14. The draft report has recommended setting up of a Resolution Corporation to maintain systemic stability in the country.

The committee in its report has said that the corporation will be the authority responsible for providing deposit insurance in the country and will replace the existing Deposit Insurance and Credit Guarantee Corporation.

"The draft Bill consolidates the existing laws relating to resolution of certain categories of financial institutions which are presently scattered in a number of legislations, into a single legislation, and provides for additional tools of resolution," it said. The report states that the corporation may use merger, acquisition, liquidation, transfer of assets and liabilities, and bail-in among other tools for resolving the covered service provider.

Source

"The resolution has to be completed within two years, with the provision for an extension of one additional year, except in the case of liquidation," it said.

Back

Cabinet gives ex-post facto approval for Varishtha Pension Bima Yojana - The Hindu Business Line – 28th September 2016

The Union Cabinet has given its ex-post facto approval for the Varishtha Pension Bima Yojana (VPBY) 2003 and VPBY 2014. Approval has also been granted for the expenditure incurred on subsidy amount released to Life Insurance Corporation during the period 2003-04 to 2014-15 for VPBY 2003.

The Cabinet has also given approval to incur expenditure on VPBY 2003 and 2014 from the financial year 2015-16 onwards. While VPBY was launched on July 14, 2003, the VPBY 2014 was launched on August 14.

The schemes are implemented through Life Insurance Corporation and the difference between the actual yield earned by LIC on the funds invested under the scheme and the assured return committed by the Government is paid as subsidy to LIC.

Both are pension schemes intended to give an assured minimum pension to the senior citizens based on an assured minimum return on the subscription amount.

Source

The pension is envisaged until death from the date of subscription, with payback of the subscription amount on death of the subscriber to the nominee.

Listing of PSU insurers on agenda - The Telegraph – 26th September 2016

The finance ministry is working on a plan to list state-run insurance giants, starting with New India Assurance and GIC. Others on the list include Oriental Insurance, National Insurance and United Insurance. New India and GIC have already taken board approvals to float initial public offers (IPOs). Officials said the IPOs could be issued after the companies split their shares to make them affordable for retail investors. However, the main target of the float will be financial entities such as banks, pension funds, mutual funds, FIIs and sovereign wealth funds.

New India, which was founded by the Tatas at the end of World War I and nationalised in the 1970s, has assets of over Rs 60,000 crore and premium income of over Rs 18,000 crore. It is rated as one of the biggest insurers in the country. Analysts believe a 10 per cent share float in the insurer could fetch Rs 5,000 crore.

GIC is the country's only reinsurer having total assets of Rs 80,000 crore and reserves of nearly Rs 14,000 crore. It has monopoly over the highly profitable reinsurance business. A similar 10 per cent float could easily fetch the government Rs 8,000 crore, analysts said. Eventually, India may throw open its re-insurance sector to global players, especially after Lloyd's of London sets up an insurance trading floor in Mumbai.

Officials said, "It makes sense to come up with an IPO now when GIC has a strong monopoly. We will open up re-insurance eventually but for many years from now that opening will be partial. GIC will remain No. 1 and there will be an attempt to take it to other Asian and African countries and for that too we need funds."

GIC Re has been spreading its wings abroad, setting up its first 100 per cent subsidiary South Africa Ltd by buying out Saxum Re. This is its vehicle for becoming a pan-sub-Saharan re-insurer with the aim of becoming one of the top five global insurers in five years.

The South African arm holds a composite licence, but currently offers short-term reinsurance even as long-term cover is in the pipeline. It has plans to set up joint ventures in China, Brazil, and Dubai. About a fourth of GIC Re's business now comes from abroad.

More accountable

Officials said listing will have other benefits, including making state-run insurers more accountable. "Details of our financials, business growth as well as future expectations from business have been sought by the ministry officials. They have also asked for information on any future areas of growth," said a senior public-sector general insurance official.

Sources said the listing process and timeline would be finalised over the next few weeks. The process is expected to reach its advanced stages by the end of this financial year. New India Assurance could become one of the first candidates for listing, based on financial performance.

GST relief

As the GST rollout plan gathers momentum, life insurers have sought exemption from the new taxation regime, while general insurers have demanded differential rates for their products, reports PTI. Life insurers, who are set to write to the Prime Minister to seek the exemption, feel their premium income has remained stagnant since the industry was brought under service tax in 2012. Since insurers are passing on the service tax to customers, it has impacted their premium income.

Besides a service tax of 14.5 per cent, there are other levies such as Swachh Bharat cess of 0.5 per cent. Other financial products such as fixed deposits, debentures, mutual funds, equities and NPS are exempted from these taxes.

Source

Back

Managing Money: Purchase insurance policies with utmost care - Financial Chronicle – 23rd September 2016

Mis-selling by the insurance company or its representatives can lead to loss of faith in the company and the sector

Buying insurance cover for car, health, life and house has become necessary. But buying the appropriate cover is a challenge because understanding the product and its features is not an easy task for a layman. Mis-selling from the part of the insurance company and its representative can lead to loss of faith in the company and sector. A mispurchase can take away customer's trust in insurance cover itself.

Mis-selling includes selling policies that have not been sought by the customer or are different from what the customer needs. This can be deliberately done by the insurer and his agent or could be unintentional. It leads to disputes between the insured and the insurer at the time of claim settlement.

Mostly mis-selling happens when the customer is not being educated or informed about what is being bought, especially the features of the plan. Health insurance is one area where a lot of mis-selling happens as this is more complicated than other segments.

"In health products, mis-selling largely occurs in case of certain permanent exclusions or waiting period for certain diseases or conditions. Some products may also not cover certain pre-existing diseases. Most of the retail products have a waiting period for maternity cover and some do away with this for slightly higher premium. On the other hand, group policies do not have the waiting period for maternity. If the customer is not aware of this, he may feel deceived when he goes for a claim," said Sanjay Pande, executive director, Finsall Networks.

For instance, ovarian cysts may not be covered in the health insurance plan for the first two years. However, if the customer goes for a surgery for cyst removal and files a claim for the same within the two years, her claim may be rejected.

Sometimes, the insurer may not be aware of a pre-examination and once the proposal is accepted, he may be asked to undergo one. "A person who does not know about family floater policy, may end up buying individual policies of say five lakh for each one in the four-member family when he could have bought a family floater of Rs 10 lakh at a lesser premium," said Pande.

Many a time, health insurance customers are also not aware of capping on room rent and sub-limits for certain procedures and ailments. A customer who has a policy with a sum insured of Rs 2 lakh might be eligible for a hospital room with a per day rent of two per cent of the sum insured i.e. Rs 4,000. Unknowingly, if he chooses a room with a per day rent of Rs 5,000, there will be a deduction in the total claim amount.

Many do not know that a top-up coverage gets triggered when each time the claim amount exceeds a certain amount. For instance, a top up plan may get triggered if the per claim amount exceeds Rs 3 lakh. Many customers may feel that this could happen if they make two-three claims a year and the total claim amount exceeds Rs 3 lakh.

In the case of motor insurance, Pande finds that there are lesser chances of mis-selling. But a wrong purchase largely happens when the agent does not inform the customer about the add-on benefits available against a vanilla comprehensive cover. "For a slightly higher premium, he can go for zero depreciation and avoid losing part of the claim on depreciated value of the parts. Similarly, bumper-to-bumper covers the entire parts of the car and return-to-invoice value helps him get the original on-road value of the car in case of total loss," he said.

It may also happen that add-on covers are sold to the customer without his knowledge when his requirement is a standard motor insurance policy. Customer may not have read and understood the policy papers or may have signed on blank policy papers. In motor insurance, one can opt for a voluntary deductible. If the policy paper happens to have a higher deductible amount, he will have to pay that amount from his pocket whenever he makes a claim.

In many instances, the customer goes for a lower insured declared value (IDV) of the vehicle as it has a lower premium. One could end up losing money in the event of total loss. For instance, if the value of the vehicle is Rs 5 lakh and the IDV is Rs 4 lakh, at the time of a total loss claim, the insured would get only Rs 4 lakh.

In another example of mis-selling, the no claim bonus in the policy might be higher than what the customer is eligible for. For instance, the customer might be eligible for 20 per cent NCB, but the policy may mention a 35 per cent. He may not receive the higher NCB during renewal.

It is very important for customers to be well informed about their policies and ask questions to their agents/insurers while availing a plan. They must read the policy papers, including the brochure and the policy wordings, carefully and ensure they understand the coverage as well as the jargons. Most policies offer free-look period during which you read through the policy document can cancel the purchase if found unsuitable.

"The inquisitive type of customers might go through the websites of different companies and read brochures before buying or ask the relevant questions to the agent. For others, insurance regulator should publicise a checklist of features one can ask for. Online customer forums also can be handy for the uninformed," said Pande.

Source

It is also essential for customers to understand their requirements and options before availing a plan to make sure that it suits their needs and they can receive the maximum benefits out of their policy. The product should suit their age, income and risk profile. Customers should not see low premium as the deciding factor while buying a policy. One should ensure that he has bought a proper cover and not a cheap cover.

Back

IRDAI Regulation

Regulator seeks fuller disclosure from insurers looking to list - Business Standard - 24th September 2016

Securities and Exchange Board of India (Sebi) will seek fuller disclosure from insurance companies looking to list on stock exchanges. This will include embedded value, details on policies, value of new business, and their maturity, apart from financial information. Embedded value is the sum of the net asset value and present value of future profits of an insurance company. Net asset value is assets minus liabilities.

A Sebi official said, "Any company planning to list and approaching Sebi with draft prospectus will have to adhere to Sebi's strict disclosure norms. In case of insurance firms, Sebi will insist on declaration of embedded value, policy maturity time table, and audit qualification, among others. Irdai disclosure norms have been made in consultation with Sebi."

In its discussion paper on listing, Irdai had proposed to ask some insurance companies to mandatorily list on the exchanges based on the number of years they have been in business. In its discussion paper on listing of Indian insurance companies, Irdai said that they would issue directions for general insurers (including health and reinsurers) to take steps to get listed after completion of eight years of operations. All life insurers will have to take steps to get shares listed on completion of 10 years.

"In the run-up to the listing, all insurance companies shall initiate steps to ensure the level of disclosure in public domain is brought up to the level of listed entities as stipulated by Irdai and Sebi. These disclosures could cover such aspects as embedded value, segment-wise lapsation of policies and contribution of profitability, among others," said Irdai.

The regulator said all insurers that have already exceeded the number of years of operations to get their shares within three years from the date of issue of the guidelines. Irdai said that 32 insurance companies in life, general and reinsurance have completed 10 years of operations. Of these, only two life insurers have applied for getting their shares listed on the stock market.

If these norms are brought out, all big life and general insurance companies would have to get listed. In an earlier guideline on insurance companies' listing, Irdai had said it can direct an Indian insurance company to list on the stock exchanges if circumstances so warrant. It had also said that such a company should comply with the directions within one year from the date of such directions.

AGE AND EXPERIENCE

Number of companies based on years in business

Insurer	0-5	5-8	8-10	Above 10*	Total
Life insurance	0	3	5	16	24
Non-life insurance	3	3	4	12	22
Health insurance	3	1	1	1	6
Specialised insurance	0	0	0	2	2
Reinsurance	0	0	0	1	1
Total	**6**	**7**	**10**	**32**	**55**

*All public sector companies are above 10 years
Source: Irdai

Apart from ICICI Prudential Life Insurance, which is to get listed on the stock exchanges, and HDFC Life-Max Life, which have signed an agreement to merge, only SBI Life Insurance has stated its embedded value. SBI Life's embedded value as on March 31, 2016 stood at Rs 12,999 crore.

Insurance officials said that predictive financial information on business in the future would be a challenge, given the nature of the business. "The first quarter of a financial year is generally slow. Hence, if are to give predictive new business data, it will not be accurate," said the chief executive officer of a mid-size private life insurance company.

At the end of July, there are 55 insurance companies, of which 24 are in life insurance business and 30 are in non-life business, apart from one reinsurer. In life insurance, 16 companies have completed 10 years of operation, while in general insurance, 12 have completed 10 years. In health insurance, there is only one company that has completed 10 years.

Source

If listing is made mandatory for at least the large companies, this would mean the process of disclosure would have to begin from the next few quarters itself.

Back

Life Insurance

Daily enrolments see big drop in Jan Suraksha insurance - Business Standard – 28th September 2016

The Pradhan Mantri Jan Suraksha Yojana (PMJSY) insurance scheme has seen a steep fall in daily average enrolments this financial year, against the year-ago period.

The June 1 to March 31 period in the last financial year saw an average enrolment of 0.4 million policies in pure-term and personal accidents a day. This has dropped to 23,150 this financial year (April 1-September 26 period), according to data from the Jan Suraksha website.

During FY16, the number of enrolments under Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY) stood at 123.57 million as on March 31. This means, on an

average, for the 10-month period for which the scheme was operational, 0.4 million enrolments were done every day. Banks were delivering these schemes via direct debit of premia.

This financial year, where the scheme has completed around 176 days, only four million new policies have been enrolled. This makes it an average of 23,150 daily.

Insurance executives said, in the initial phases, bank channels had played an active role in getting new policyholders. Such initiatives have gone down. "Since it is not their core business, promotional activity from banks has also reduced significantly, which has directly affected new policy numbers under the scheme," said a chief executive officer of a midsize private life insurance company.

Source

The PMJSY, which provides a pension scheme, a term insurance cover under PMJJBY and an accident insurance cover under PMSBY, has already crossed 127 million insurance policyholders. The plans have a cover of Rs 2 lakh each, with a premium of only Rs 12 a year for accident insurance and Rs 330 for the life product.

Back

Rural death claims higher than urban - Financial Chronicle – 27th September 2016

Lack of medical infrastructure, coupled with high incidence of fraud, has increased the number of death claims being reported from rural areas, data with life insurance companies reveal. States from the Northeast such as Mizoram, Manipur, Nagaland, Meghalaya and Assam, reported the highest incidence of death claims in the country, as per a study conducted by the Insurance Information Bureau (IIB).

It examined 35.59 crore policies that brought 8.64 lakh death claims in 2013-14. The study, released this month and shared exclusively with FC, shows that Andhra Pradesh reported the highest claim incidence among the larger states.

Andhra Pradesh, Karnataka, Telangana, Assam and a few other North Eastern states had 30 to 35 per cent higher claim incidence than the national average, while Jammu & Kashmir, Kerala, Maharashtra, Delhi and Odisha reported 20 to 35 per cent lower claim incidence than the national average.

“Most districts figuring among the top-50 list by claim incidence fall in the hinterland. None of them cover major cities,” said the study. The claim incidence of top 50 districts (ranked by claim incidence) is 84 per cent higher than the national average (4.48 versus 2.43). Claim incidence is defined as the number of claims per 1000 life insurance policies.

Sanket Kawatkar, principal and consulting actuary at Milliman (an international actuarial firm), told FC, “While cities have access to medical treatment and hospitals, these facilities are lacking in remote areas. Secondly, there is high incidence of fraud in rural areas. For instance, it is easy to get a fake death certificate. Since the claim amounts are low, life insurers do not want to spend large amounts on claim verification. Therefore, the claim ratios remain high from rural areas.”

A majority of life insurance policyholders die of heart attack, which formed 32.1 per cent of the total deaths claims, the IIB study said. Interestingly, women reported 40 per cent lower claims than men (1.65 vs. 2.73). A study of the repudiation of claims showed that more repudiation was evident at higher levels of death benefit/sum assured.

Agriculturists, house wives, women with unearned incomes, students and retired persons, saw higher claim repudiation, while the lowest repudiations were in the case of employees and professionals.

Rajesh Dalmia, president, Institute of Actuaries of India told FC, “We have seen that people from the urban areas are more informed about their rights and honestly declare their pre-existing ailments while filling their proposal form, thus plugging the scope for claim repudiation. But in rural areas, farmers, housewives, students and retired people rely completely on their agents to fill their forms and in most cases the information furnished is incorrect. Fraudsters rely on such gullible and un-informed people and make them assign their policies in their name, which also leads to claim repudiation.”

Heart ailments are the biggest source of worry for life insurance companies as they form a major chunk of death claims. “Compared to general population, the insured segment has higher percentage of deaths from heart ailments and motor vehicle accidents, whereas it has lower percentage of deaths due to chronic obstructive pulmonary disease (COPD),” the study noted.

Source

Back

Life insurers want exemption from new tax regime - Financial Chronicle – 25th September 2016

As the GST rollout plans gathers momentum, life insurers sought exemption from the new taxation regime on premium income, while general insurers have demanded differential rates for their products. Life insurers, who are set to write to the prime minister seeking exemption from the new tax regime, feel that their premium income has remained stagnant since the industry was brought under service tax in 2012.

Since life insurers are passing on service tax to customers, it has impacted their premium income growth which has been stagnant since then. The present service tax rate is 14.5 per cent and 0.5 per cent 'Swachh Bharat' cess.

A resolution to this effect was passed during the annual general meeting of the Life Insurance Council held here on September 16. The demand comes as the first two-day GST council meeting that ended on Friday in the National Capital, decided to meet on October 17-19 to finalise the maximum and minimum rates in the single national taxation regime.

Finance minister Arun Jaitley has been repeatedly calling for ending tax exemptions to have lower GST rates as exemptions are forcing the government to impose higher rate of tax on other taxable items/sectors.

The Life Insurance Council, which is the umbrella body of 24 life insurers, is all set to write to the prime minister in this regard shortly, as their representations to the finance ministry in the past have not been successful, a senior council executive said.

"Life insurers' new business premium has remained stagnant at around Rs 1.25 trillion per annum since 2012 after the service tax was imposed by the government on premium income. This is in spite of the fact that earning capacity of the people has been constantly increasing," Life Insurance council secretary V Manickam told PTI. “We have to pass it on to customers and they don't find investing in insurance attractive anymore," he added.

Forget service tax, the government has imposed a host of other taxes on life insurance premium which include income tax and 'Swachh Bharat' cess, he said and pointed out that in contrast, other financial products like fixed deposits, debentures, mutual funds, equities, NPS etc are exempted from these taxes.

Moreover, investment under NPS is exempt from any tax under section 80(C) and even a special window has been opened under section 80 (C)(C)(D) which allows one to invest Rs 50,000 extra to save income tax payment. Similarly, PF, at a time when an employee retires is not taxable at all. Similarly, the pension fund at the time of annuity is also tax-free.

“Keeping this in view, we feel that a step-motherly treatment is being meted out to us and hence we are all set to write a letter to prime minister Narendra Modi soon,” Manickam said, adding “we have already made a host of representations on the topic to the finance ministry in the past.”

“We have been urging the government to exempt insurance premium from GST because we are doing a yeoman service to the nation. In fact, we are doing what the government was supposed to do by covering social security needs of the public,” he said.

Life insurers are making 50 per cent of their investments in central and state securities. As of March 2016, life insurers exposure to such debt instruments stood at Rs 15 trillion. While G-secs offer only an annual interest of around 7 per cent, corporate bonds get them 9 per cent or even more, thus losing 200 bps by investing in government bonds, he said.

Life insurers have paid Rs 7,000 crore in service tax to the government last year. When one includes other taxes like stamp duty, income tax and other such taxes and levies by 2.5 lakh employees of life insurance companies, the industry has paid Rs 25,000 crore in the form of taxes alone, he said.

Meanwhile, non-life insurers have already submitted their recommendations before the GST Council, the first meeting of which was held in New Delhi on September 22-23, demanding differential rates for their products.

There are four state-owned, and 17 private sector and two specialised general insurers in the country and majority of them are participating in the government-run scheme like Pradhan Mantri Suraksha Bima Yojana and Pradhan Mantri Fasal Bima Yojana.

“We want differential rating for our various types of products looking at the end beneficiary of these schemes,” General Insurance Council secretary R Chandrasekaran said.

"If it is a government-run scheme through which the government wants to reach out to the poor, then the GST rate must be on a lower side," he said, adding, "we also want a centralised registration facility in GST as we are operating nationally.”

Source

Back

Customer-friendly life policies see more renewals - The Hindu Business Line – 25th September 2016

Regulatory changes in 2010 rocked the boat for most life insurers, but the new rules appear to be working in their favour now.

More and more policyholders are now renewing their policies rather than letting them lapse, a trend that was rampant even a couple of years ago. This is thanks to insurers re-jigging their products to comply with the regulatory norms, making them more customer-friendly.

Improving persistency

Persistency — which measures the number of policies (or amount of premium) retained with an insurer across different time periods — has been steadily moving up for top private players over two to three years.

For instance, HDFC Life saw its 49th month persistency ratio (5th year after the policy issue) improve from about 33 per cent in 2012-13 to 56 per cent in 2015-16. This, in turn, means that in 2015-16, HDFC Life was able to retain 56 per cent of the policies issued between April 2011 and March 2012.

ICICI Life saw this ratio improve from 16 per cent to 55 per cent during the same period. SBI Life that had a low persistency of about 14 per cent three years back, recorded a much higher 50 per cent ratio in 2015-16. The growth of life insurers in the last couple of years was hurt by the regulatory changes brought about by the Insurance Regulatory and Development Authority of India (IRDAI) in 2010 and 2013.

Regulatory changes

In 2010, the IRDAI introduced regulatory changes to ULIPs, including a cap on charges, surrender and discontinuance charges, and minimum levels of sum assured. In 2013, the IRDAI issued regulations to link commissions to the premium paying term and to discontinue highest net asset value guarantee products, among other tweaks. The 2010 changes impacted the sale of ULIPs, while the axe fell on non-linked products in 2013.

But, life insurers, since then, have restructured their product portfolio to comply with the regulatory norms. Products are seen as more customer-friendly now, particularly ULIPs, which have been driving the growth for private players over the past two years. In the past, high upfront charges on ULIPs and a lacklustre market left very little on the table for investors.

Life insurers too, mainly focussing on gaining market share through first-year premium growth before 2010, have turned their focus on cost rationalisation and persistency in recent years. “Greater emphasis on the 13th month persistency for the past few years and complete ownership of persistency by sales team have been aligned as a key strategy,” says Manoranjan Sahoo, Chief Agency Officer, Reliance Nippon Life Insurance.

Third-party distributors with poor persistency record have been either abandoned or business relationships have been minimised, he adds. “Most of the employee performance payouts have been linked to 13th month persistency.”

New set of policies

One metric that truly reflects customers’ growing comfort with new policies issued post 2010, is the 61st month persistency ratio. The improvement here has been sharper across all insurers in 2015-16, as this takes into account policies issued post April 2010.

For instance, HDFC Life’s persistency ratio went up from 22.5 per cent in 2012-13 to 41.3 per cent in 2015-16. For players such as Reliance Life and ICICI Pru Life, chunk of the improvement has happened in fiscal 2016. From single-digit persistency of 8 per cent until 2014-15, Reliance Life saw it shoot up to 32.7 per cent in 2015-16. A similar sharp improvement was seen across players such as SBI Life and ICICI Pru Life.

According to Arijit Basu, MD and CEO, SBI Life Insurance, most top players are now looking to grow at a sustainable rate. “It starts with product design. ULIPs that were introduced post 2010 have been doing well as they are better designed to suit the customers’ needs.”

The longer lock-in period for ULIPs post 2010 has also helped persistency. “Earlier, ULIPs had a three-year lock-in. Policies issued post 2010 have a five-year lock-in and this to some extent has helped third, fourth and fifth year persistency,” adds Arijit Basu.

Improving persistency ratios

49th month persistency based on policies (in %)

	2012-13	2013-14	2014-15	2015-16	Q1 2016-17
ICICI Prudential Life	16.10	23.70	42.80	55.30	50.50
HDFC Standard Life	33.56	45.35	56.23	56.43	52.37
SBI Life	14.29	25.50	40.54	50.79	44.40
Max Life*	32.00	38.00	49.00	56.00	57.00
Reliance Nippon Life	–	13.40	40.20	52.20	52.70
Kotak Life*	22.60	38.33	54.24	71.00	58.75
61st month persistency based on policies					
ICICI Prudential Life	12.00	10.70	16.70	35.20	44.50
HDFC Standard Life	22.50	23.56	31.78	41.36	46.39
SBI Life	13.53	11.64	17.00	26.15	22.42
Max Life*	26.00	23.00	32.00	43.00	46.00
Reliance Nippon Life	–	8.80	8.70	32.70	40.00
Kotak Life*	20.76	15.68	30.91	49.20	63.47

Based on public disclosures by insurers; * Presistency ratios available only by premium

Source

Insurers log into analytics - The Telegraph – 25th September 2016

Insurers are relying on analytics and digital technology to acquire clients and cut down the time to issue policies and process claims. The efforts have now started to show results. SBI Life Insurance is using technology on the analytics front to make better offerings to customers, managing director and chief executive officer Arijit Basu told The Telegraph.

"We are using analytics for predictive marketing. We have over 1.25 crore customers. Our objective is to gauge their profile, how we can reach out to more customers and if there are any products which need more tweaking,'' he said.

SBI Life Insurance is also tapping the digital route to make each of its processes more efficient and customer-friendly, said Basu. It issues around 2,000 policies per month digitally. It expects this number to go up in the future.

Other insurers such as ICICI Prudential Life Insurance's 92.3 per cent of new business applications during 2015-16 were initiated on the digital platform, either by its distributors or customers.

The private insurer said its employee productivity - measured as retail weighted received premium per employee annually - had gone up to Rs 4.6 million in 2015-16 from Rs 2.8 million in 2013-14, which is a compounded annual growth rate of over 29 per cent.

Canara HSBC Oriental Bank of Commerce Life Insurance is also betting big on technology as it eyes a 30 per cent growth in its new business premium this year. According to a Boston Consulting Group and Google report, by 2020, policies worth Rs 3-4 lakh crore will be sold digitally.

Even as individual agents' contribution to the industry's new business premium has come down from nearly 91 per cent in 2007, it still stands out with a 68.5 per cent share. The share of bancassurance and direct selling has shown good growth during this period.

Source

Back

20% boost in ticket-size of life insurance policies - Business Standard – 24th September 2016

The average ticket-size in life insurance policies has jumped almost 20 per cent for individual policies in the last three years. Life insurance companies have seen the average ticket size rise to Rs 40,000. With the sum assured in policies going up, the subsequent premiums for the products are also going up.

Deepak Mittal, managing director and chief executive officer, Edelweiss Tokio Life Insurance, said, the portfolio average premium for individual policies was around Rs 40,000 and the average ticket size was growing at a compounded annual growth rate of about 19 per cent for them. The increase has occurred in both offline as well as online plans.

Mittal said for online products, one of the key reasons for increase in ticket size was increased need of higher protection. He added for offline products, an increased effort on need-based sales resulted in higher sum assured and higher ticket size. In the past, there had been heavy discounting in the online insurance space leading to premiums dropping to about Rs 6,500-Rs 7,000 on an annual basis.

Intense competition in the online term space,had seen prices take a slump, but they have since recovered. Insurance company executives said apart from the product premium, the features were also being looked into by policyholders before any purchase.

Karthik Raman, chief marketing officer and head, strategy and products, IDBI Federal Life Insurance, said their average ticket size was Rs 47,000 from new business premiums for individual business. He said it had grown by a compounded rate of about 20 per cent in the past three years.

“With inflation, the amounts needed to meet important goals such as education or retirement had increased many folds. The increased tax savings limit to Rs 1,50,000 under Section 80 C combined with increasing incomes has aided in this increase,” said Raman. The type of products also plays a role in the average ticket size.

Srinivasan Parthasarathy, senior executive vice-president, chief and appointed actuary, HDFC Life, said for guaranteed savings products, the average ticket size was around Rs 63,000. He added this was primarily because of long-term guarantees offered in the plan. "It comes as an attractive proposition to the customer given the downward trend in the long-term interest rate scenario."

The unit-linked insurance product (Ulip) portfolio of companies generally had a higher ticket size since these were investment products and customers were not risk averse. The ticket sizes ranged from Rs 50,000-60,000 for these products. Life insurers are now focused on need-based selling across all products. Parthasarathy said the average ticket size had gone up with the adoption of need-based selling methodology.

"We have created various sales tools/calculators like retirement planner, human life value, child education planner which help the customer to better project his or her financial needs 10-15 years down the line considering the impact of inflation and future interest rates thereby educating customer to analyze the gap that may arise with the current savings pattern," he said. The number of riders being opted by customers are also going up, leading to an increase in the sum assured for the insurers.

Khalid Ahmad, Head-Product Management, PNB MetLife India said that last year, they launched their first online term plan MetLife Mera Term Plan.

"We have seen an increase in the average ticket size of the policy by 20 per cent from January 2016 to September 2016. We have also seen an increase in the Average Sum Assured from Rs 94 lakh in January 2016 to Rs 1.15 crore in September 2016. This has largely been due to a high rider uptake from the customers," he said.

Until last year, the term plan market was predominantly a lump sum cover market. However, Ahmad said that they are seeing a change in this pattern, with 66 per cent of their policies have been attached with atleast one rider and 58 per cent of the policies have atleast two riders attached.

Overall disposable income increase has also contributed to the rise in sum assured. Manoranjan Sahoo, chief agency officer, Reliance Life Insurance said that the main factors that have contributed to the increase in average ticker size for the industry are higher percentage of Ulip sale, higher sum assured sale, less term of the policies among others.

Source

Back

Health Insurance

Over half health policyholders underinsured - Financial Chronicle – 27th September 2016

Almost 51 per cent of health insurance policyholders in India are underinsured, or have purchased low sum insured health insurance policies, which could prove inadequate during medical emergencies. The findings have been reported in a study conducted by Apollo Munich Health Insurance. The prevalence of underinsurance, the study added, is more among the higher age groups. Apollo Munich surveyed around 7 lakh health policyholders across 82 Indian cities, and has found that both men and women across metros, tier I and tier II cities, and towns are underinsured. At 52 per cent, men are more underinsured than women at 46 per cent.

According to the study, people in their 20s should ideally have a sum insured cover of Rs 5 lakh if they are residing in a metro, and/or tier I/tier II cities; those in their 30s and 40s should have a cover of at least Rs 7 lakh, if they live in a metro or tier I city, and Rs 6 lakh in case of tier II cities. People nearing the retirement age should go for policies with a sum insured of Rs 9 lakh, if they live in a metro/tier I city, and Rs 8 lakh if they reside in tier II cities. People aged above 60 years should have a sum insured of at least Rs 10 lakh.

However, people most often choose the lowest sum insured policy. Lack of awareness about how to select the right sum insured, over-dependence on corporate health insurance coverage and willingness to pay a premium that is only up to the highest limit of rebate u/s 80D of the Income Tax Act are some of the reasons that make them take this decision. "On the one hand, India faces the challenge of lack of health insurance penetration, and, on the other hand, those who have the cover are under insured.

Underinsurance not only results in sudden out-of-pocket expenditure for policyholders during medical exigencies, but also gives them a false sense of assurance of being covered. People must understand that health insurance is not merely a tax-saving tool, and, therefore, they be mindful while choosing a sum insured for themselves and their family," said Antony Jacob, CEO, Apollo Munich Health Insurance.

The study also found that the phenomenon of underinsurance is more prevalent in the higher age groups, as 62 per cent of the policyholders above the age of 45 are underinsured. The underinsurance percentage of people in the age group of 61-65 is 75 per cent. On the other hand, only 38 per cent of those in the age bracket of 18-35 are underinsured.

"This encouraging trend among younger population of getting adequate insurance coverage is testament to a more progressive view of appropriately securitising oneself against ever-rising healthcare costs. Hopefully, this younger generation will continue to adjust their coverage in line with increase in age and consequent healthcare dependencies. A sum insured of Rs 5 lakh is a good starting point for first-time enrollees in their 20s," said Anuj Gulati, MD and CEO, Religare Health Insurance.

According to industry players, policyholders do not upgrade their sum insured on the basis of their increasing age, changing needs and medical expense inflation. "The average age of our customers is 35-plus, which shows many people are not going for health insurance at a younger age. To protect yourself and as a safeguard against rising medical inflation, you should buy a health insurance policy early in life, say, by the age of 30 or 35, due to two reasons. Firstly, policyholders will be serving out the waiting period at a much younger age. Secondly, it reduces the risk of being refused a policy at an older age and rules out the need of buying a policy with a lot of exclusions," said Ashish Mehrotra, CEO and MD, Max Bupa.

Source

Back

General Insurance

Higher insurance cover for handloom weavers in the works - The Economic Times – 29th September 2016

The textiles ministry proposes to increase the level of insurance cover for handloom weavers, a sector that's on the government radar for job creation, more than three-fold in some cases. The Mahatma Gandhi Bunkar Bima Yojana provides insurance to handloom weavers in the case of natural and accidental death and total and partial disability.

The ministry has proposed increasing the cover for accidental death to Rs 4 lakh from Rs 1.5 lakh. In case of natural death, benefit may be raised to Rs 2 lakh from Rs 60,000 now. "We are working to increase the insurance cover for weavers in the handloom sector…it will encourage more weavers to get covered in the insurance net," said an official from the textile ministry.

The government released Rs 16.67 crore under the scheme in 2015-16 compared with Rs 16.39 crore in 2014-15, when 5.74 lakh weavers were enrolled. The benefit is restricted to two children of the member. The textile sector is the country's second-largest employer.

"It is a good move to increase protection for weavers as this is the only scheme in which the benefits directly get accrued to them," said textile expert DK Nair.

ET View: Hand-Hold Weavers
The government's effort to enhance insurance for handloom weavers is a good plan. The reform measures should include assistance for improved products, quality control, better marketing, and access to markets to enable the weavers maximise the gain from the renewed interest leading to a growing market for handloom. It will improve weavers' incomes and quality of life.

Source

Back

Govt, UP spar over cane farmers' insurance – The Times of India – 29th September 2016

There seems no end to the tug-of-war between Centre and UP government on Pradhan Mantri Fasal Bima Yojna. After BJP leadership accused the SP government of not implementing the scheme in time, it is now protesting against the inclusion of sugarcane farmers in the insurance scheme. Since sugarcane is an almost risk-free crop, farmers are not willing to take it and pay premium. But the state government has made it mandatory for all farmers. It's now backfiring on BJP as farmers believe it is a Central scheme.

The Centre has written twice to SP government suggesting not to include sugarcane farmers under the scheme, but there has been no response. Now, BJP is planning to protest against the state government at district level, especially in western UP which is deemed the sugar bowl of UP.

On the other hand, farmers are worried that by the time the sugarcane crop is harvested, they are already under pressure as there is always a delay in getting their dues. If they have to pay a compulsory premium of 5% on the total cost of the crop, it would be a financial burden on them. Since the scheme for farmers in general was publicised by the Centre and BJP leadership on every platform, sugarcane farmers are holding them responsible for the problem, said BJP's national Kisan Morcha president Vijaypal Singh Tomar, while speaking to TOI.

Union minister for agriculture Radha Mohan Singh has written to the UP Chief Minister to reconsider the decision stating that sugarcane is a risk-free crop and doesn't need insurance. The letter written by the minister on September 1 also refers to another written by Central Agricultural Department's joint secretary to UP's principal secretary, agricultural in this regard. A reply to the letter is awaited, said the BJP farmer leader.

UP Agriculture Minister Vinod Singh alias 'Pandit Singh' said that sugarcane has been given insurance cover keeping in mind flood-like situation in various districts in the state. "We have stated this in response to Union Minister Radha Mohan Singh's letter," said Pandit Singh, adding that otherwise too, 50% of the premium was being paid by Centre and rest by state government.

Source

Back

General insurers gearing up to tackle claims after heavy rains in Telangana, AP - The Hindu Business Line – 28th September 2016

General insurers are gearing up to tackle claims arising out of the recent heavy rains in Telangana and Andhra Pradesh. Normal life was thrown out of gear in the States by heavy rainfall which led to flooding in many areas. Many vehicles were either washed away or were badly damaged as they were submerged in water for many days.

“We have received 26 motor claims from the flood affected areas of Hyderabad and are expecting more to come as rains have come down,’’ Easwara Narayanan, Chief Operating Officer, Future Generali India Insurance, told Business Line.

For easy reporting and quick settlement of claims, Future Generali has set up kiosks in the areas where people are badly affected by the flood. “Our team in Hyderabad has been on its toes all these days and is trying to settle the claims as fast as possible to ensure people do not suffer any further,’’ he added.

Other insurers too are in a similar mode. Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance, said: “So far, the company has received a few motor claims post the heavy showers in Hyderabad. Claims may gradually start trickling in and we would be able to get a clearer picture in four to five days.’’

However, the company does not expect the number and severity of claims to be as high as that of the claims received post flooding events in the country such as the Chennai floods, he said.

According to M Ravichandran, President, Tata AIG General Insurance, the nature of claims pouring in or being expected will be basically motor insurance for those vehicles which are covered under a comprehensive insurance cover.

Home insurance segment

Insurers are not expecting any major claims in the home insurance segment. “Despite the bad experiences during Chennai floods, home insurance is still being neglected by many,’’ said Narayanan adding that home insurance is ‘very affordable’ and a low priced product with a premium as low as Rs 50 per Rs 1 lakh.

Though there is some interest in home insurance after every calamity, it is not sustained after a few days, said Ravichandran. According to industry estimates, penetration of home insurance is below one per cent in the country.

Source

Back

Sum insured under PMFBY jumps over 70 per cent in kharif 2016 - The Financial Express – 28th September 2016

Reflecting wider coverage of the recently launched Pradhan Mantri Fasal Bhima Yojana (PMFBY), the total sum insured for the kharif 2016 crops has increased by over 70 per cent to Rs 1.18 lakh crore. In the 2015 kharif season (summer), total sum insured was only Rs 69,360 crore under the previous crop insurance scheme. As per the official data, as many as 3.15 crore farmers took advantage of the PMFBY in the just completed 2016-17 kharif season, against 3.09 crore farmers in the same season last year. “So far, 3.15 crore farmers have taken the policy in kharif 2016. Banks are yet to submit the final data on the coverage of farmers. What is interesting is that the sum insured has jumped by 71 per cent to Rs 1,18,426 crore,” Joint Secretary in the Agriculture Ministry Ashish Bhutani told PTI.

Earlier, crops were underinsured, but this scenario is changing. More farmers are taking advantage of the new crop insurance scheme, under which premiums are kept low and farmers will get claims for full sum insured, he said. Good progress has been achieved in the implementation of the PMFBY in the 2016 kharif season even though several states delayed notification of the scheme. About 22 states and union territories have rolled out the scheme, he added.

Under PMFBY, farmers’ premium has been kept lower between 1.5-2 per cent for foodgrains and oilseed crops and up to 5 per cent for horticultural and cotton crops. There is no cap on the premium and 25 per cent of the likely claim will be settled directly in farmers’ accounts. Going forward, Bhutani said, “The coverage of farmers in the coming rabi season is expected to increase as the initial hiccups have been addressed at all levels. Even banks are aggressively promoting the scheme.”

In fact, the number of farmers to take up the crop insurance scheme in the 2016 rabi season is likely to surpass the last year’s level of 80 lakh, he noted. Under the PMFBY, the number of kharif crops insured vary from the state to state. In Bihar, only paddy and maize are covered, while in some states about 40 crops. PMFBY replaces the existing two schemes National Agricultural Insurance Scheme and Modified NAIS, which have had some inherent drawbacks.

Source

Back

Some add-on covers are not for older cars – Mint – 28th September 2016

You shouldn’t start your car during a flood because if your engine gets completely or partially damaged, your car insurance policy will not cover it. For the insurer, this would not be an unforeseen event but an act of negligence. A basic car insurance policy will not cover this scenario, but an add-on cover commonly called ‘engine protect’ will cover you.

But did you know, most insurance companies will not give you this add-on cover beyond a certain number of years? “We offer engine protect only for the first 3 years. We filed it as a 3-year cover because add-on covers are new in the market and we need to test our experience. However, going forward, you should see more insurers extending the time limit,” said Puneet Sahni, head-product development, SBI General Insurance Co. Ltd.

It’s not the time limit alone that makes some of the add-on covers go extinct over a period of time. Price is a factor as well. “The premium is based on the price of the car, which depreciates every year. So the premium, as a percentage of the price of the car, increases and becomes significant compared to the base cover premium. Hence, most customers don’t end up taking it,” added Sahni. Two other add-on covers—zero depreciation cover and return to invoice—face the same fate. But first, here’s a look at motor insurance.

Older wheels, costlier deals

The illustration below shows how as the car ages, the premiums of add-on covers increase in proportion to the overall premium

	Insured declared value (Rs)	Premium of own damage cover (Rs)-A	Add-on cover premium (Rs)-B	B as % of A
New car	7,70,355	33,100	7,100	21
First renewal	6,54,802	23,970	7,730	32
Second renewal	6,16,284	22,260	8,740	39
Third renewal	5,39,249	17,500	8,800	50
Fourth renewal*	4,62,213	13,500	6,700	50
Fifth renewal*	3,85,178	11,200	6,200	55

Illustration for Honda City EX ex-showroom price in Delhi. Add-on covers include zero deprciation, engine protect and return to invoice. *Return to invoice not available for cars that are more than three years old. The premiums are for illustrative purposes only and exclude the premium for third party insurance. Source: Insurance company

Car insurance explained

The basic cover consists of two components: third party (TP) and own damage (OD). Third party—this is mandatory as per law—insures you against damages to a third person or property due to your car. Own damage cover on the other hand insures your vehicles against theft or damage. The basic cover will also have a personal accident policy for the owner of the vehicle. The TP premium is decided by the regulator, however the OD cover is decided by the insured declared value (IDV) of the vehicle. IDV is the amount that the insurer will pay if your car is completely damaged or stolen.

IDV is calculated based on the invoice of your car minus depreciation, as every year the car's value depreciates. So in case of a total loss, you don't get the full value of the car, but only the depreciated value. But if you want your insurer to pay the full amount, you need to buy an add-on cover called return to invoice cover.

"Return to invoice pays the current new price of the car. Some companies like ours offer the on-road price, which includes registration and insurance costs, whereas some just offer the ex-showroom price," said Vijay Kumar, chief technical officer, Bajaj Allianz General Insurance Co. Ltd. Again, insurers may not extend this cover for cars that are beyond 2-3 years old. "By the third year, the value of the car depreciates by 40%. So the premium on return of invoice cover increases as the gap between the IDV and the invoice increases. So by the third year, the premium on this add-on cover alone is quite high and it becomes unattractive for the customer," said Kumar. "Also, generally a customer sells his car after 3 years and the person who buys a second hand car does not want to spend more money," he added.

Return to invoice versus zero depreciation

According to web aggregator Easypolicy.com, return to invoice is not a popular cover as only 50% of the customers buy it, that too mainly those who own high-end cars. But in the high-end segment, engine protect is popular as almost 80-90% customer who have cars with an IDV of more than Rs8 lakh buy this add-on cover. Zero depreciation cover, on the other hand, is popular with everyone. According to Easypolicy.com, 90% of the customers buy it and about 90% renew it as well.

A zero depreciation cover is meant for partial damage. Insurers don't pay the full cost of replacing certain parts of your vehicle, only the depreciated value. Again, depreciation over time makes this cover expensive and most companies don't offer it beyond 5 years. "As the car gets old, the depreciation is so much that replacing the parts with new ones becomes expensive and cost versus benefit wouldn't work for either the insured or the insurer," said M. Ravichandran, president- insurance, Tata AIG General Insurance Co. Ltd.

But according to Abhishek Bondia, managing director and principal officer, SecureNow Insurance Broker Pvt, if you are renewing with the same insurer, then some companies could even extend this cover to 7 years. "But if you are renewing with a different insurer then even if you renew before 5 years, the insurer may not offer zero depreciation or even engine protect cover, or insist on an inspection first."

For the insurer, managing claims is another factor that limits this cover to a few years. "About 95-97% of the premiums received by the insurers go towards paying claims. In that sense the claims ratio is quite high and insurers need to control it to remain solvent. Add-on covers become unviable after a point as the value of the car depreciates," said Alok Bhatnagar, co-founder and chief executive officer, Easypolicy.com.

Even though these covers come for a limited period of time, they should be taken. "The rates of add-on covers should be seen relative to the value they bring rather than relative to the OD premium,"said Bondia. "While customers should continue to renew add-on covers as long as the covers are easily affordable, they should definitely renew zero depreciation cover for as long as the insurer allows them."

Source

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Crop insurance scheme: Harvest assessment halted – The Times of India – 27th September 2016

In a setback to the much-publicized Pradhan Mantri Fasal Bima Yojana (PMFBY) in Haryana, the agriculture development officers (ADOs) on Monday announced to suspend the crop cutting experiment (CCE) due to 'constraints' being faced in carrying out the exercise. CCE is required for all notified crops in the notified insurance units to assess the crop yield. This assessment of the harvest helps decide the claims of insured farmers in case of crop damage. The ADOs' association has also decided to start protest at the Jhajjar residence of state agriculture minister Om Prakash Dhankar from Tuesday for "unnecessarily pressuring" them for CCE.

According to the ADOs association, in the present circumstances when Kharif crops have started reaching markets, the present method of carrying CCE lacked reliability which may affect the claims settlement of farmers in the future. The decision to suspend the work was taken by the ADOs' association on Monday in its executive body meeting held at Panchkula They also tried to meet Dhankar at his Chandigarh residence but he could not see them. Thereafter, they hold a protest meeting outside the minister's residence and announced to suspend the CCE in relation to PMFBY.

Source confirmed that surprised over ADOs' protest, officials of the department of agriculture and farmer welfare have sought details about ADOs who participated in Monday's protestin Chandigarh. Haryana director general of agriculture Bhupinder Singh said he wasn't aware of any development on suspension of CCE work. Singh said a delegation of ADOs had earlier met him regarding their demands and problems faced during CCE, but had assured to continue the process. "This is an important work assigned to ADOs and I will check how they can refuse to carry out the process," the DG added.

President of Haryana ADOs' Association Sushil Goyat, said most of the harvesting was over for crops like bajra, maize. For other PMFBY notified crops for, including cotton and paddy, the harvesting season had begun.

He explained that in absence of adequate manpower and other required resources it was impossible to conduct CCEs because it was a completely technical process. "According to guidelines of the Government of India, the task was supposed to be completed through private sector firms. When private companies denied it due to complexity of the scheme than how it is possible for the ADOs to complete the task in a time-bound manner with no resources and lack of manpower. We have also submitted a memorandum to agriculture minister to interfere in the matter immediately for the welfare of farmers and to maintain the reliability of the scheme. It has also been decided that the work of CCE will be completely suspended until the required resources, trained manpower with enough budget is provided," Goyat said.

Source

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Survey & Reports

80% of companies want tax friendly retirement plans: India Retirement Benefits Response Study - The Economic Times – 27th September 2016

Around 80 per cent of Indian companies want the government to make retirement plans more tax friendly in order to increase employee participation. While 70 per cent of companies feel that increased employee education is the need of the hour, 59 per cent suggest making access to plans simple and easy, according to the India Retirement Benefits Response Study by global advisory, broking and solutions company Willis Towers Watson.

Besides, around 59 per cent of respondents suggested widening the scope of the Employees' Provident Fund (EPF) and 67 per cent want the National Pension System (NPS) to be made compulsory. The study cautioned that while NPS and EPF are designed for fundamentally distinct purposes, 57 per cent of companies want the government to provide employees an option between the two whereas 54 per cent suggest merging them.

"Recent government initiatives around driving pension adequacy are a step in the right direction and what is now required is implementation guidance," Willis Towers Watson Director Kulin Patel said, adding that employers are seeking greater clarity from the government around the role and inter-linkages between various schemes like EPF, NPS and superannuation.

As per the survey, one in three surveyed organisations currently offers NPS and as many as 70 per cent of those not offering so plan to implement it in the near future. The survey was conducted across sectors during April to May 2016 and drew responses from 118 companies and senior leaders.

Source

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India: 51% of health insurance policyholders are underinsured – Asia Insurance Review

Standalone health insurer, Apollo Munich Health Insurance, has found that 51% of health insurance policyholders in India are underinsured, that is, they have purchased health cover that is insufficient to meet needs in medical emergencies.

Apollo Munich studied around 700,000 health insurance policyholders spread across 82 cities in India, and found that both men and women across metros, Tier 1 and 2 cities and towns are underinsured. With a gap of 52%, men are more underinsured than women with 46%.

Although the number of health insurance policyholders in India is increasing annually, people most often choose the lowest sum insured policy, without comprehending the process of choosing an appropriate cover. Some of the reasons are lack of awareness about how to pick the right sum insured, over-dependence on corporate health insurance coverage, and willingness to pay a premium that is only up to the highest limit of rebate under the Income Tax Act to save on tax, etc.

The survey found that underinsurance is more prevalent in the higher age brackets with 62% of policyholders above 45 years of age underinsured. With an gap of 38%, people between 18-35 years old are the least underinsured segment amongst all age groups. The percentage of people between 61-65 years who is underinsured is 75%.

One of the main reasons for the underinsurance is that policyholders do not upgrade their sum insured in step with advancing age, changing needs and medical inflation.

The research also found that South India has the highest proportion of underinsured people, at 59% of all health insurance policyholders, while the underinsurance percentage in the North, West, East and Central parts of the country is 49%, 49%, 48% and 45% respectively.

Source

Apollo Munich offers health, personal accident and travel insurance plans. It is a joint venture between the Apollo Hospitals Group and Munich Health, Munich Re's health business segment, which offers global health insurance and reinsurance services.

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IRDAI Circular

Source

Status of Insurance Brokers (As on 31st August, 2016)

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Global News

Thailand: Govt evaluating health insurance plan for civil service – Asia Insurance Review

The Thai government is studying the possibility of offering a health insurance scheme for civil servants as an alternative to the current state-run medical care system. Government spokesman Maj Gen Sansern Kaewkamnerd said the government is conducting a feasibility study to assess whether it would be worthwhile to implement a commercial health insurance scheme for officials, reported *The Bangkok Post*.

The government has assigned the Thai General Insurance Association (TGIA) and the Thai Life Insurance Association (TLAA) to conduct the study, which will take about a month. The government will not change medical welfare extended to state officials in the meantime.

Maj Gen Sansern said that commercial health insurance would be feasible if two conditions are satisfied: medical benefits extended by private insurance firms must not be lower than those currently enjoyed by officials, and the insurance premium must not be higher than the existing medical care budget per head.

About THB60 billion (US$1.7 billion) is spent on medical expenses for about 10 million government officials and their families each year, according to Maj Gen Sansern.

The medical services are provided by state-owned hospitals only. Finance Minister Apisak Tantivorawong had said previously that a commercial health insurance scheme could help the country save money.

This issue of commercial health insurance has been discussed for more than a year. Early last year, TGIA proposed to the Finance Ministry that the government convert the current system of paying for the medical expenses of public servants to health insurance.

Source

The proposal was raised by TGIA after it saw that medical expenses were a growing burden on the government.

South Korea: Insurers resume selling earthquake insurance – Asia Insurance Review

Insurers in South Korea have resumed selling earthquake cover following a flood of complaints from consumers protesting a temporary halt in such sales. Local insurers said they have been getting hundreds of phone calls inquiring about earthquake insurance, following the 5.8-magnitude earthquake in Gyeongju on 12 September which shook most of the country but did not cause any major damage, reported *The Korea Times.* Customers complained that insurers were turning their backs on them when they needed insurance most.

Some insurers, that had suspended selling such policies after the earthquake, resumed sales on 22 September. A spokesman for Dongbu Insurance explained that the company had stopped selling earthquake insurance because of aftershocks and to avoid future disputes. More than 400 aftershocks were felt following the quake.

The spokesman said: "Because the policy terms view aftershocks as part of the main earthquake event, those signing up for the product now will not be recompensed (for damages from aftershocks). And this creates room for potential complaints and disputes among customers that aren't aware of the fact.

"It would be like subscribing to car insurance while a car accident was ongoing." "We determined that aftershocks have entered the final stages and resumed selling policies. However, those in Gyeongju will have to go through additional procedures for subscriptions," the spokesman added. As earthquakes are not common in Korea, quake cover is generally provided as a rider to other insurance, such as fire or housing.

Source

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Australia: Govt to press on with life insurance reform – Asia Insurance Review

The government will resist pressure from elements in the life insurance industry to water down new laws banning hefty upfront commissions, according to Financial Services Minister Kelly O'Dwyer. She told The Australian Financial Review that draft legislation to deal with conflicted remuneration would be tabled when

Federal Parliament next meets early next month. The changes will phase down upfront commissions –typically 120% of the first year's premium – to a maximum of 60%. Advisers will be allowed to receive ongoing annual commissions of 20% but there will be a two-year "clawback" period to discourage "churning".

Ms O'Dwyer said: "The government is very committed to these reforms. We're not watering them down."

The draft legislation, which is part of a wider reform agenda called the Life Insurance Framework, was before Parliament when elections were held in July. It must now be formally re-introduced. The changes were initially slated to begin in July.

Source