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INSUNEWS

- Weekly e-Newsletter

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• Quote for the Week •

"Learn everything that is good from others, but bring it in, and in your own way absorb it; do not become others."

Swami Vivekananda

INSIDE THE ISSUE

Insurance Industry

Citizens share info with firms to get insurance, mobile connection: SC - The Tribune – 18th January 2018

A forceful argument that the State cannot compel a citizen to part with personal information to a private entity, on Thursday prompted the Supreme Court to point out that people voluntarily gave such inputs to private insurance or mobile companies.

The argument was made during the hearing on the Aadhaar issue by senior advocate Shyam Divan before a five-judge constitution bench headed by Chief Justice Dipak Misra. The bench said, "You want insurance policy, you go to a private company. You want mobile connection, you go to private entities and part with personal information...

"Here the government has multiplied the options... the moment the government asks you to give proof of address and other details, you have a problem and you say 'sorry'." To this, Divan responded saying, "There is no problem per se with an individual parting with private information on his own. The point here is that you are being asked to part with information to someone you do not know and have no contractual relation with."

The bench, also comprising Justices A K Sikri, A M Khanwilkar, D Y Chandrachud and Ashok Bhushan, is hearing a clutch of petitions challenging the constitutional validity of the government's flagship Aadhaar programme and its enabling Act of 2016.

Divan, who is representing petitioners like former Karnataka HC judge Justice K S Puttaswamy, several activists Aruna Roy, Shantha Sinha and veteran CPM leader V S Achuthanandan, submitted that the State cannot compel its citizens to give personal information, that too to a private company, as it violated their fundamental rights.

Referring to the legal position with regard to the national population census, he said it has been made clear that the personal and demographic details of citizens collected during census were being protected, but in case of Aadhaar, there was no such safeguard. Divan said the private party was "so much outside the control of the Unique Identification Authority of India" that they can use it for their own commercial purposes.

"Moreover, there is no binding contract between the UIDAI and private agencies employed to collect biometric and other details for granting Aadhaar numbers," Divan said.

"What is the nature of safeguards to ensure that the information was not purloined," the bench asked, adding the government is needed to ensure that the information collected is not sold.

During the daylong hearing, Divan referred to the contents of the Aadhaar enrolment form which said people, getting enrolled, were parting with information voluntarily.

However, if a person refuses to part with certain details while getting enrolled, the software simply refuses to register the person, he said, adding that word 'voluntary' was "meaningless".

Terming the scheme as "unconstitutional from beginning to end", Divan said initially the State was not authorised to compel the citizens to part with personal information and moreover, it became more troublesome when people were asked to share them with private firms.

At the time of enrolment when persons are asked to share details like bank accounts and mobile numbers besides the biometric details, no government officials are there to guide the citizens whose details are being secured by private entities, the senior lawyer said.

Divan referred to recent sting operations by some TV channels showing certain private firms engaged in Aadhaar enrolments, were willing to share personal information of citizens in lieu of money.

In a digitised world, the government has to be "an ally of the citizens and not their adversary" and it must ensure that the privacy interests of citizens are protected against national and overseas corporations, Divan said.

Highlighting the alleged malady of the Aadhaar system, he said it would lead to profiling and surveillance of citizens from birth to death.

He also referred to the recent nine-judge bench judgement holding privacy as the fundamental right and said it was delivered in the Aadhaar case and said the procedure for deprivation of this right must be "just, fair, and reasonable".

Divan said the judgement grounded privacy in ideas of "dignity and autonomy" and it made the preamble to the Indian Constitution central to the concept of fundamental rights. "A constitutional democracy survives when citizens have confidence that the rule of law will prevail," he said.

The advancing of arguments remained inconclusive and would resume on January 23.

Earlier, Divan had termed Aadhaar as "an electronic leash" and said the government could completely destroy an individual by "switching off" the 12-digit unique identifier number.

However, the bench had asked whether the state "cannot say that it has every right to find out the number of schools, children or the real beneficiaries of a welfare scheme and verify the real beneficiaries of huge funds which it is spending, it needs Aadhaar number. This is a valid argument."

The apex court had on December 15 last year extended till March 31 the deadline for mandatory linking of Aadhaar with various services and welfare schemes of all ministries and departments of the Centre, states and union territories. — PTI

Source

Back

Life Insurance

Now, Aadhaar mandatory to access LIC policy online – The Hindu – 18th January 2018

Despite the government extending the deadline for linking Aadhaar to various services to March 31, 2018, many insurance companies are insisting that customers part with their Aadhaar details for accessing their services.

Principal among such insurers is the Life Insurance Corporation of India (LIC), whose newly designed web portal requires mandatory registration of policy holders' Aadhaar details to even access their own policy pages. It also seems to be the first instance of its kind when access to a web page is denied for want of Aadhaar details.

If a customer doesn't update his or her Aadhaar number upon signing in, they will not be able to move to their policy page to access their payment history, policy documents or any other details on the LIC's website. LIC's insistence on Aadhaar to even access the policy page on its website violates the spirit of both the Supreme Court's orders and the insurance regulator's circular on the deadline, say legal experts. "This is worse than a paywall. It is an act of coercion," said a leading lawyer who didn't wish to be identified. The Prevention of Money Laundering (Seventh Amendment) Rules, 2017, extending the Aadhaar deadline to the end of March, was notified on December 13. Following this, the Insurance Regulatory and Development Authority (IRDA) issued a notification to that effect.

Users complain

Several people who spoke to The Hindu said they were unable to log on to their own profile page to access their insurance premium records on LIC's website without linking their policies with their Aadhaar numbers.

Policy-holder Prasanto K. Roy said since he had to download his policy receipts, he had no other way out but to submit his Aadhaar number to access his account. R. Steve Wilfred too faced the same issue. "It was my mom's LIC account. The Aadhaar and PAN details are not updated with LIC. But my sister did update her account to pay the premium," Mr. Wilfred said.

When the issue was raised by The Hindu with a top official at LIC on Tuesday, the official said he needed to consult with superiors on the issue and would revert in a day.

However, a day later no reply was received. An email to IRDA Chairman on Tuesday did not elicit a reply till the time of going to press.

Some other insurance companies are also turning a blind eye to the norm, claim many citizens who have faced such hurdles of late. This is not limited to life insurance, but is also seen among holders of health, motor and travel insurance policies as well.

Customers cite the IRDA guidelines that say that "the date of submission of the Aadhaar Number and Permanent Account Number or Form 60 by the clients to the reporting entity is 31st March, 2018 or six months from the date of commencement of account based relationship." Yet, without any update being provided to them by their insurance companies, they are being forced to link Aadhaar even when the Supreme Court is yet to give a final decision on the issue, they say.

Source

Back

Budget 2018: 'Give separate tax exemption for pension and life insurance products' - Financial Express – 17th January 2018

With the Union Budget 2018 round the corner, the market is speculating on the goodie bags for their respective industries. The last big announcement for the insurance industry was in FY 2014–15 where the foreign FDI limit was increased from 26% to 49%. While various propositions were made in the last few Budgets, a big-ticket stimulus is still awaited to help match global penetration levels. India lacks a formal social security system and therefore, long-term savings and investments need sovereign promotion for development of private social security nets. We lay out some of the key levers that can help grow life insurance penetration in the country.

Separate tax exemption limits for life insurance

Currently, all financial instruments such as school fees, insurance premium, contribution to EPF are covered under one slab of Rs 1.5 lakh, which in itself has remained constant over many years, rather than growing with the times. Life insurance is a long-term savings in nature with over 90% of policies being purchased with the goal of meeting objective based accumulation needs as living benefits. In most Asian countries, there is a high correlation between increase in tax incentives through segregated limits to consumers leading to higher insurance penetration, therefore creating an increase in long term funds availability in the country for development.

Waiver of GST on premium

With the increase in GST on insurance premium, life insurance investments have become more expensive for the customers making it less attractive for the customers as an option for financial savings. Removal of GST will lead to a significant reduction in premium thereby providing an impetus to the industry as a whole by allowing better reach amongst the rural segment. This will also give a boost to the insurance companies to develop rural specific products to meet the needs of this segment. In a country where the long-term yield is not materially different from the short term, this incentive will help boost financial attractiveness for customers to remain invested in long-term products. The Budget should create provision for systematic withdrawal from EPF account towards life insurance premium. Permitting a defined proportion of EPF withdrawal towards payment of life insurance premium via standing instructions would also act as a push for the government to increase insurance penetration among the rural population where value created by life insurance products will be more.

Pension products

With increase in privatisation and no guaranteed pension on retirement, retirement tools are becoming popular. Having a separate tax exemption limit for pension products, over and above savings products would result in creating awareness amongst the masses and hence help build financial security for senior living.

There should be a special dispensation offered to long term life insurance policies, with these treated at par with capital gain bonds. The insurance industry, world over, is a provider of long term capital for the economy.

Source

Classifying Long-Term Insurance Plans (or suitably designed product to meet specific needs of the infrastructure industry) as equivalent to capital gain bonds will offer a very significant boost to the industry and help channelise long term savings for infrastructure development in the country.

Back

Is claim settlement by insurers a worry? – Mint – 17th January 2018

In 2015 the rules for settling death claims for the life insurance industry changed significantly. As per the Insurance Laws (Amendment) Act, 2015, life insurance companies have to compulsorily pay all claims made 3 years after the commencement of a policy. Earlier, insurers had a 2-year window to investigate and deny early claims. However, insurers could deny a claim even after that—in case of fraud and deliberate suppression or misrepresentation of material information by the policyholder. Now the rules give insurers a 3-year window and any claims arising after that have to be paid. Although insurers say that cases of demonstrable fraud that make the contract null and void—for instance buying insurance for a deceased person—can be denied well after 3 years . So, with a heavy clampdown on repudiation of death claims after 3 policy years, is it still important to track death settlement record? According to K.S. Gopalakrishnan, chief executive officer, RGA, India, a reinsurance company headquartered in Canada, it continues to be important. "Life insurance is in the business of settling claims, so a high repudiation rate should be cause for worry. It doesn't matter if the repudiation is on account of early claims, because even before the Act was amended, bulk of repudiation happened in early claims. Claims settlement record reflects the underwriting practices and claims-settling ability of an insurer," he said.

Even the regulator considers this an important parameter and in its annual report gives out the claims settlement figures of all 24 life insurance companies, both by the number of policies and the benefit amount paid. Further, the claims are segregated as individual (retail policies) and group claims. The Insurance Regulatory and Development Authority of India (Irdai) released its annual report for FY17 early this month and we take you through the latest death claims report card of the life insurance companies.

The annual report card

Death claims fall into four buckets: claims settled, claims rejected, claims written back and claims pending at the end of the year. These buckets are self-explanatory except 'claims written back', which are claims that stay unclaimed on account of factors such as litigation or documents pending. This is a tiny number or zero for most insurers. We have looked at the number of claims settled for the retail segment and the good news is that insurers are settling more claims than before. "The insurance industry, on an average, settled 89.4% of the claims in FY15 and this number improved to 93.7% in FY17. This is because underwriting checks have improved," said V. Viswanand, senior director and chief operations officer, Max Life Insurance Co. Ltd.

So, while in FY16 nearly half the insurers couldn't settle even 90% of the claims reported, in FY17 only four insurers had a claims settlement ratios of less than 90%.

The industry, however, still has some ground to cover when you assess insurers on the basis of an ideal claims settlement ratio. "A 90% claims settlement ratio means one in 10 policies was rejected.... Claims settlement should be upwards of 95%," said Kapil Mehta, co-founder, SecureNow.in. Only eight insurers managed to settle at least 95% of the claims in FY17, compared to six in FY16. In fact, when you look at the volume of claims, the scope for improvement is much more. "For all the insurers, the claims rejection by value is more than the volume. This means, the higher value claims are being rejected and so tracking claims settlement becomes even more relevant. By volume, only seven insurers have a claims settlement of over 90% and six are below 80%," added Mehta. Further, even insurers that have very good claims-paid record by number of policies, may have fared badly when it comes to claims paid as per the benefit amount paid—pointing to the fact that larger the sum assured, more stringent is the investigation.

Why claims are rejected

All the insurers we spoke to pointed that rejections take place primarily in early claims: claims that are reported in the first 3 years due to high incidence of fraud.

In an emailed response, PNB Metlife Insurance Co. Ltd stated that its 'non-early'claims settlement (claims more than 3 years old) was upwards of 98%. As for early claims, the insurer stated that due to the increasing focus on protection business (term plans) and pan-India geographical presence, the claims settlement ratio had dropped in the last couple of years mainly due to prevalence of fraud in some geographies. In FY17, the insurer settled only 87.14% of the claims and falls in the bottom five in the list of insurers with relatively poor claims settlement records.

How insurers settled claims in FY17: report card

Insurer	Launch year	Total no. of claims	% of claims paid
Life Insurance Corporation of India	1956	7,69,386	98.31
Max Life Insurance	2000	9,821	97.81
HDFC Standard Life Insurance	2000	12,724	97.62
AEGON Life Insurance	2008	588	97.11
SBI Life Insurance	2001	17,610	96.69
ICICI Prudential Life Insurance	2000	10,901	96.68
Exide Life Insurance	2001	2,973	96.40
Tata AIA Life Insurance	2001	2,707	96.01
Canara HSBC Oriental Bank of Comm. LI*	2008	653	94.95
Aditya Birla Sun Life Insurance	2001	6,048	94.69
Reliance Life Insurance	2002	11,079	94.53
Edelweiss Tokio	2011	164	93.29
Bharti AXA Life Insurance	2006	878	92.37
Bajaj Allianz Life Insurance	2001	16,239	91.67
Kotal Mahindra Old Mutual Life Insurance	2001	2,831	91.24
DHFL Pramerica Life Insurance	2008	471	90.87
Aviva Life Insurance	2002	1,245	90.60
IDBI Federal Life Insurance	2007	1,065	90.33
Sahara India Life Insurance	2004	725	90.21
Future Generali India Life Insurance	2007	1,366	89.53
PNB Met Life India Insurance	2001	3,879	87.14
Star Union Dai-ichi Life	2009	1,473	84.05
IndiaFirst Life Insurance	2009	1,741	82.65
Shriram Life Insurance	2005	2,926	63.53

*Canara HSBC Oriental Bank of Commerce Life Insurance. Claims paid on basis of number of policies. Claims unpaid fall into three categories: claims rejected, written back and pending at the end of the period

Leaders and laggards

Top-5	Claims paid (in %)		
	FY15	FY16	FY17
Life Insurance Corporation of India	98.19	98.33	98.31
Max Life Insurance	96.03	96.95	97.81
HDFC Standard Life Insurance	90.50	95.02	97.62
AEGON Life Insurance	89.78	95.31	97.11
SBI Life Insurance	89.43	93.39	96.69
Bottom-5			
Future Generali India Life Insurance	83.70	90.26	89.53
PNB Met Life India Insurance	92.86	85.36	87.14
Star Union Dai-ichi Life	94.08	80.73	84.05
IndiaFirst Life Insurance	72.21	71.87	82.65
Shriram Life Insurance	65.66	60.24	63.53

Source: Irda

The other reason for a high repudiation rate is the relaxed underwriting adopted by insurers for smooth and quick policy issuance.

"We walk a tight rope between simple on-boarding and ensuring only genuine claims are paid. Claims, especially early claims, are investigated thoroughly and where we are able to establish fraud—that would also include suppression of material information—we reject the claims. In fact, when these cases go to court, in most cases the verdict is in our favour, reiterating the fairness of our assessment," said R.M. Vishakha, chief executive officer and managing director, IndiaFirst Life Insurance Co. Ltd. IndiaFirst Life had settled only 83% of the claims in FY17.

What it means for you

While rejections maybe largely for early claims, even a high rejection rate in early claims is cause for worry. "Life insurance is a growing sector and every year nearly 30% of the claims that come to insurers are early claims. So, a high repudiation rate doesn't bode well for customers as it erodes their faith," said Viswanand. Does this mean insurers should focus on tighter underwriting at the time of policy issuance rather than speeding it up? "In case of life and health insurance, the whole purpose of insurance is defeated if underwriting is done at the time of claims and not at the time of issuing a policy. even globally, underwriting is typically never done at the time of claim for these two categories of insurance as it has an adverse impact on the reputation of the insurer," added Viswanand.

Tracking claims settlement record of an insurer is important and you should do it over a period of time to see improvement. If you see no improvement, be wary of that insurer. It would also help if Irdai publishes the statistics on the time taken by insurers to settle the claim. "There is a window of 30 days to pay the claims but an ideal practice should be to pay the claim within a day or two of receiving all documents. This metric is also very relevant to assess the claims-paying ability of an insurer," added Viswanand.

Source

At your end, ensure to fill the proposal form honestly because that's what will land you in trouble especially if it's an early claim. Additionally, it's also better to go for insurance products that ask for a medical check-up.

Back

Life insurers upbeat on micro-markets despite rise in fraudulent claims - The Hindu Business Line – 16th January 2018

The rise in instances of fraudulent claims notwithstanding, life insurance companies are betting big on Aadhaar-based eKYC and the likely adoption of open architecture model by more banks to grow their micro-insurance business.

If industry sources are to be believed, fraudulent claims account for nearly 10-20 per cent (or sometimes even more) of total claims in micro-insurance business.

Even while a majority of fraudulent claims often get rejected by insurers, it may so happen that some such frauds may be difficult to ascertain as most of these policies are issued to people in remote corners of the country.

According to P Nandagopal, Founder and CEO, Insurance Inbox (an insurance advisory company), the issuance of such policies (to people mostly in remote areas) are not backed by very strong KYC (know your customer) and are based on more "liberal underwriting". Hence, the risk of fraudulent practices is higher.

"Though the proportion of frauds may not be very big now, frauds are contagious and need to be prevented," Nandagopal told BusinessLine.

Viability of the model

Micro insurance, which basically caters to the low-income group, is a low-price and high-volume business and can be viable only if the transaction cost is kept low.

Insurers are, therefore, banking on Aadhaar-based eKYC to get requisite data for underwriting of such policies. The open architecture model, which allows a bank to have tie-ups with up to three insurers — in each of life, non-life and health segments — would also help tap the rural and semi-urban markets for such products.

A combination of these two would help address the issue of cost, manage claims better and make the business viable, sources said. "Micro insurance is a huge market and offers good potential for growth. The biggest

challenge for an insurer is to tap these markets and find viable ways of underwriting these policies," Karni Singh Arha, Chief Financial Officer of Aviva Life Insurance, said.

Aviva Life is exploring the possibility of tying up with public sector banks for tapping the segment. According to the annual report of Insurance Regulatory and Development Authority of India (IRDAI), the group business premium amounted to Rs 460 crore covering 3.22 crore lives, a 52 per cent jump from Rs 302 crore (covering 2.92 lives) in 2015-16.

The individual new business premium under the micro-insurance segment in FY17 stood at Rs 38 crore under 9.56 lakh new policies, as against Rs 32 crore under 9.1 lakh new policies in FY16.

The segment is likely to witness a spurt in growth with a number of non-banking finance companies and housing finance companies tapping the rural market through loan offerings in a big way.

Bajaj Allianz Life has covered more than 20 crore lives since its inception in 2008 in the rural insurance market, Yogesh Gupta, Chief Financial Inclusion Officer, said.

Source

For Aviva Life, nearly 20 per cent of its 35,000 policies written last year came from micro insurance. In terms of premium, however, the share of micro insurance to total premium is small (around 3-5 per cent) because of the small ticket size of such policies, Arha said.

Back

New Ulips suit passive investors - Business Standard – 15th January 2018

Insurers are giving unit-linked insurance plans (Ulips) a makeover. In their new avatar, costs have been reduced so much that they can compete with direct mutual funds (MFs). The insured only pays fund management and mortality charges. There is no policy administration charge, policy allocation charge or fund switching fee, all of which eat into returns.

Insurers are launching these competitive products to get a slice of the growing pie of retail investors' money going into the stock markets. "In the past few years, investment in stock markets via MFs has grown manifold. But, investors' participation through Ulips has been steady," says Santosh Agarwal, head of life insurance, Policybazaar.com. Agarwal adds that low-cost Ulips can give insurers an opportunity to cross-sell or up-sell other insurance products, another reason for keeping costs low.

The third wave of Ulips: Edelweiss Tokio Life Insurance has launched Wealth Plus and Max Life Insurance has received the Insurance Regulatory and Development Authority of India's (Irdai's) nod to launch Max Life Online Savings Plan. A few other life insurance companies have also filed applications to launch similar lowcost plans.

Charges impact returns

If a person invests ₹100,000 each year in Edelweiss Tokio Wealth Plus or a mutual fund, assuming both grow at the same rate of 8%, the former has potential to give better returns

Year	Premium booster	Charges +GST*	Fund value	Death benefit
1	1,000	3,069	105,891	1,000,000
5	1,000	10,115	602,073	1,000,000
10	3,000	22,224	1,435,521	1,425,255

Year	Fund mgt charge	GST	Fund value	Death benefit
1	1,500	270	106,088	0
5	8,471	1,525	599,087	0
10	19,854	3,574	1,404,148	0

*Charges include mortality and fund management Source: Policybazaar

Apart from low cost, these plans let investors switch from one fund to another, as many times as they want, without charging any fee. Investors can also choose strategies like life-stage investing, wherein the money is

automatically shifted from equities to debt as one gets closer to end of term. Switching from one fund to another is tax-free in insurance policies."The product is designed for individuals who are well-informed, understand finances and prefer to take decisions on their own, rather than consulting an agent. Also, the funds we are offering are existing ones that have a track record," says Manik Nangia, director–marketing and chief digital officer, Max Life Insurance.

To make its product more appealing, Edelweiss Tokio says it will contribute to the investor's funds. It will add one per cent, three per cent, five per cent and seven per cent of the premium in years one to five, six to 10, 11 to 15, and 16 to 20, respectively. "Apart from being a retention tool, adding money to investors' funds also helps them create a corpus that benefits from the power of compounding," says Deepak Mittal, managing director and chief executive officer, Edelweiss Tokio Life.

Suits passive investors: Financial planners suggest that to gain the most from his investment, an individual must review his portfolio at least once a year. If the investment is not yielding the desired results, he should shift to other products. But, for those who don't want to do this, the new low-cost Ulips can come in handy.

In addition, a customer can get tax benefit on investment. Also, there's no tax on accrual or on withdrawal. There's also an option to withdraw partially from the funds after the completion of a certain number of years. These withdrawals also don't attract any tax.

Active investors should opt for mutual funds: Ulips come with the flexibility to switch between plans and strategies, not many investors do actively, according to financial planners. Also, even if you want to switch, you can only do so between the funds offered by the same insurance company. "When an investor is reviewing his portfolio, in case of MFs, he can shift from the scheme of one fund house to another if he is unhappy with its performance. Ulips don't offer this option," says Vishal Dhawan, founder, Plan Ahead Wealth Advisors.

In MFs, if you have a systematic investment plan, you can stop it anytime and get back the entire fund value. In case of Ulips, the investor has to keep paying the premium for at least five years to get a considerable portion of his fund value back. "In case there is a job loss or a situation where the investor needs to withdraw money urgently, he would not get the entire fund value if he has not continued the policy for a certain number of years," says Suresh Sadagopan, founder, Ladder 7 Financial Services. Also, in Ulips a person has to opt for a certain term. If he surrenders the plan before completing the term, the insurer deducts a portion of the fund value and gives back the remaining money. Sadagopan says investors shouldn't opt for these Ulips only because of their low costs.

Source

Back

Insured man who had cancer, can't deny death claim now – The Times of India – 15th January 2018

In a recent order, the consumer forum has held that it's the duty of the insurance companies to ensure medical examination of the buyers before selling them any policy.

The forum has made it clear that the insurance companies have the responsibility to ensure that the policyholder fulfills all the parameters of the policy plan, so that no issue can be raised at the time of settling the claim. The district consumer disputes redressel forum directed HDFC Standard Life Insurance, Chandigarh, to pay Rs 99,750 to a complainant in this sort of a case, along with 6% annual interest and the cost of litigation.

The company had repudiated the death benefit to the family of a dead man on the basis that he had hidden facts about his pre-existing ailment at the time of buying the policy. Complainant Sushil Kumari stated in her complaint that her husband, Des Raj, had purchased a unit-linked policy HDFC Life ProGrowth Plus on November 17, 2014, with death sum assurance of Rs 6.65 lakh for 10 years that were to expire on November 17, 2024.

Des Raj passed away on September 29, 2015, at 55 due to cardiac arrythmia and related causes. Thereafter, the complainant, being a nominee, applied for death claim on October 17, 2015, but the insurer repudiated it on January 8, 2016, on the grounds that it had come out in its investigations that the buyer had diabetes, hypertension, and chronic kidney disease that he had not disclosed while obtaining the policy.

However, the company credited Rs 86,802 to the complainant's account to wash its hands off the entire liability. It was submitted that the proposal form was filled-up by the bank officials, and had they been diligent

at the time of filling the details, they would have discovered that buyer had some disease for which he was under treatment at various hospitals in Mohali.

The company, in its reply, submitted that the claim was not payable because of concealment of material facts that the buyer had even cancer. It claims that the claim was repudiated rightly on the ground of non-disclosure of material facts and though no amount was refundable under the policy, it had paid back the fund value to the buyer's nominee. The forum held after selling a policy without the buyer's medical examination, the company cannot cover up for its lapses after the death of the policyholder. "While issuing the policy, it is the bounden duty of the insurance company to ensure that the policyholder fulfills all the parameters under the policy plan. The insurance company cannot approbate and reprobate the same policy," the forum held.

Taking into consideration the provisions contained in the insurance policy that the death benefit payable was equal to 105% of the total premium paid till the death, the forum that that the wife of the policyholder was entitled to a claim of Rs 99,750. The company will also have to pay her Rs 5,000 as the cost of litigation.

Source

Back

India: Consolidation foreseen in life sector – Asia Insurance Review

Consolidation is inevitable in India's fragmented life insurance market, where there are currently 24 players, according to Mr Amitabh Chaudhry, Managing Director and CEO of HDFC Life.

With the large number of players in a sharply competitive and capital-intensive industry, “it is difficult to see how this industry structure will continue to sustain itself”, he wrote in an article in the Hindu Business Line.

He said that the industry is strongly polarised, with the top five players accounting for over 75% of the total market, and the next set of players finding it difficult to sustain themselves and differentiate themselves.

He said that consolidation would not be easy because of the ownership structures in the industry, “but something’s got to give”.

Commenting on macroeconomic prospects, he said that the broader economy is expected to pick up momentum. The industry has taken the adoption of the goods and services tax (GST) and the impact of demonetisation in its stride, and the growth story should remain intact. The trend of increasing financialisation of savings will contribute to the growth of life insurance.

Also, innovation on the products front, which the industry has been actively demonstrating, will make life insurance more attractive for customers.

About the outlook for 2018, he wrote: “I believe the year will be good for the industry overall if we stick to the basics. Simplifying products and the customer on-boarding process, focussing on protection products and staying customer-centric: these are factors in our control. If we do well on these fronts, we should remain fairly optimistic that the factors that are not in our control — like macro economic and regulatory trends — will play out to our advantage. We should stay the course and do the right things for our customers.”

Source

Back

General Insurance

Online insurance platform ‘Toffee’ to roll out products for millennials - The Hindu Business Line – 18th January 2018

The digital-only insurance platform ‘Toffee’ is looking to distribute specially-designed products to cover lifestyle risk of millennials.

People in the age bracket 25-35 years are usually referred as the millennials.

According to Rohan Kumar, co-founder and CEO of Toffee, these will be simplified offerings, customised to cover specific risks at an attractive price point.

Toffee, which is a corporate agent, currently curates products from general and health insurance companies, including Apollo Munich, HDFC Ergo and Future Generali. The company has already rolled out various offerings, priced between Rs 600 and Rs 1,500. These include Anti-Dengue Toffee (for treatment for dengue),

Commuters Toffee (for daily commuters exposed to accidents), and Globetrotter Toffee (policy for international travel without market/regional exclusions).

"We plan to roll out seven more products, including Renters Toffee (covering theft and repair of goods), Stay Fit Toffee (to cover injuries while working out) and Backpacker Toffee (for domestic travel) in the next one month," Kumar told BusinessLine. Designed in a fluid web app flow, Toffee claims to reduce purchase time to 90 seconds on average, along with simple claim processing in under two hours.

The start-up, which was launched about five weeks back, is looking to tap 50 million digitally active users on social media platforms in Tier-I and -II cities and sell close to one lakh policies in the next one year.

According to Kumar, there has not been much 'product innovation' across the insurance industry in the recent past. A majority of the offerings are 'blanket products' which have same structure and contours for people of all groups. There is hardly any scheme which has been designed with the young audience in mind.

"A majority of these products, that were designed for the offline channels, are now being pushed online. But millennials do not understand such complex schemes. They are looking for simpler and more niche offerings," he said. This is where Toffee comes in.

Using behavioural and real-time data, it identifies specific needs of the target customer and suggests it to insurance companies it has partnered with. The insurer then comes up with products at a particular price point, which is typically lower than an umbrella or all-encompassing product.

Source

"Most insurance companies usually take a fairly exhaustive cover which is all-encompassing; we try to de-bundle those products (based on customer requirement). The insurers' actuarial team then comes up with niche offerings at an attractive price point," he pointed out.

Back

'Govt grant towards crop insurance has gone back' - Deccan Herald – 18th January 2018

An amount of Rs 16 crore out of Rs 32 crore towards Fasal Bima Yojana insurance which was released to the district has gone back to the government, owing to an error committed by the banks and insurance companies, alleged ZP former member Rekha Huliyappa Gowda.

Addressing reporters here on Thursday, she said that 24,193 growers have insured their crops in the district during the year 2016-17. Of them, 22,493 growers are eligible to get the insurance amount following crop loss.

Rs 49.16 crore is payable to the district and Rs 32 crore had been released. The insurance company had assured releasing of the remaining Rs 17 crore. But, Rs 16 crore out of the Rs 32 crore has gone back due to technical reasons according to the horticulture department officials, Rekha alleged and condemned the negligence by the officials.

About 11,920 farmers have registered under the crop insurance scheme and have paid the premiums of Rs 37.03 lakh towards groundnut, horse gram, and corn. An insurance amount of Rs 24.26 crore is payable to the farmers. But none of the farmers have been paid the insurance amount. The officials have not given a proper explanation. The insurance amount has not been released to the banks, she said and alleged that the state government is not managing the insurance scheme implemented by the Central government.

Source

Rekha Huliyappa Gowda said that a fight has become inevitable for farmers now. A meeting in this regard will be convened at Kadur Inspection Bungalow on January 19 at 3.30 pm. Agriculturists T Moortappa, Ramappa, Ramesh and Ravi were present here alongside the former ZP member.

Back

Insurers seek lower GST rate – Financial Chronicle – 18th January 2018

Non-life insurance companies have asked for lowering the GST rate on health insurance products; doubling the income tax benefits for buying health insurance while life insurance companies want the government to create a separate tax exemption for life insurance in the Union Budget FY2019. Life insurers have also asked completed waiver on life insurance premiums.

G Srinivasan, chairman and managing director at New India Assurance, said, "We suggest that the government should lower GST rate on health insurance policies. The rate should be lowered from 18 per cent to 5 per cent or 12 per cent."

"We have also asked for a tax relief for personal lines of businesses such as householders insurance and that to promote the use of health insurance, the prevailing income-tax benefit under Section 80D should be doubled," he added.

R Chandrasekaran, secretary of General Insurance Council, said, "The premiums of senior citizens have risen a lot. A lower GST rate will provide some relief to those who are paying huge premiums. We have also asked to double the income tax benefit on health insurance products."

Section 80D of the Income Tax Act allows a person to avail income tax exemptions, based on the premiums paid for one or more health insurance policies purchased for your family (spouse and children) and parents upto Rs. 25,000. If one buys health insurance for dependent senior citizen parents then he can claim a tax deduction of up to Rs. 30000 on the premium paid on health insurance.

Roopam Asthana, CEO and whole-time director, Liberty Videocon General Insurance, said, "Health insurance penetration is woefully low in India. We have a strange phenomenon where health insurance penetration in relative terms is higher in BPL segment (due to government sponsored schemes), middle class government employees and in the affluent segment (due to higher awareness and ability to afford) as compared to the middle-lower middle income segments, especially in the self-employed professional category in both large metros as well as small town India."

"While the middle and lower middle class may not be paying income tax, at the same time a large number of such self-employed professionals are today covered in the ambit of GST. Thus, while deductions in income tax may not be attractive to this segment, a set-off of GST payable could make a difference to them in terms of their cash flows and should be considered to encourage purchase of health insurance for themselves, their families as well as for their employees – who probably are the most vulnerable and need it the most," added Asthana.

"Currently, all financial instruments such as school fees, insurance premium, contribution to EPF are covered under one slab of Rs. 1.5 Lakh, which in itself has remained unchanged over many years. We have suggested the government create a separate exemption limit for life insurance, which is a long term savings products," said an insurer.

Source

Back

Centre's crop insurance scheme major revenue boost for insurers – The Times of India – 17th January 2018

With the take-off of the Centre's crop insurance scheme, the sector has again emerged as the top growth premium earner for the general insurance industry.

Crop insurance growth rate was the highest at 131% for the first quarter of 2017-18.

Overall, the industry grew at a clipping 21%, with growth driven by gains in crop, motor and health, according to latest data with the IRDAI. Motor third-party insurance, which is mandatory, climbed 27%, while health posted solid growth of 20.9%. With the downturn in the shipping industry, marine premium fell 21% over last year, while logistics and shipping grew modestly by 3.6%.

For the non-life insurance industry growth usually comes from segments such as sale of automobiles, infrastructure investments and economic growth.

"But in the last two years, crop insurance has emerged as a major driver for growth in the industry. More than 10% of our premium now comes from crop-insurance and it has boosted our top-line growth," said an ICICI Lombard executive.

Crop insurance, has seen a new lease of life with the launch of the Pradhan Mantri Fasal Bhima Yogana (PMFBY) as its completely market-driven. Prior to this scheme, the National Agriculture Insurance Scheme (NAIS) was a government programme. Under the PMFBY, insurers quote market rates, but the farmer pays only 2% of sum insured as premium because of the government's subsidy.

"The non-life industry's growth is being fuelled primarily by the surge in crop and health insurance. For us crop insurance grew at 32% and we saw Rs 1,800 crore business from PMFBY. We are expecting to see more growth from this sector," said New India Assurance CMD G Srinivasan.

Events such as the severe drought in Tamil Nadu and floods in Uttar Pradesh have also led to more farmers taking up insurance.

"Last year, we saw a distinct increase in the number of farmers taking up crop insurance in places like Salem, Theni and Madurai," said an official from United India Insurance.

With higher automobile sales and upward forecasts for two-wheelers and cars, industry observers say that motor insurance will maintain its steady growth of 21% into 2018. For the April-July quarter of 2017, the domestic market as many as 10.26 lakh passenger vehicle units were sold, compared to 9.56 lakh units sold the previous year for the same quarter. Exports rose 12% to 2.47 lakh units.

"The demand for health insurance is high as the cost of medical inflation keeping going up. We expect health to grow at 22-25%. Fire also has seen reasonable growth. But in other areas like marine hull, the industry has been seeing losses. This is because of the cyclical nature of the industry — there is overcapacity currently in shipping and that is causing a lull," said Srinivasan.

Source

Back

Budget 2018: Give tax sop to home insurance, reduce GST rate on insurance products - The Hindu Business Line – 16th January 2018

Finance minister Arun Jaitley will present the Union Budget on February 1 and the right steps could provide a boost to the under-penetrated non-life insurance market which is currently around 1% of GDP against global average of 2.8%.

Health insurance

Considering the importance of protecting an individual's capital in case of emergencies, accidents and rising medical costs, the FM may consider enhancing deduction limits in the I-T Act. For instance, in case of health insurance policies, the taxpayer is entitled to a deduction of Rs 25,000 (Rs 30,000 for senior citizens) which was last changed in Finance Act 2015, considering the current inflation in healthcare cost there is a further need to increase the deduction limit.

Rashtriya Swasthya Bima Yojana

We feel that the financial inclusion initiative taken up by Rashtriya Swasthya Bima Yojana (RSBY) should aim at increasing the scope of the cover by including more sections of the society. The scheme should aim at increasing the overall cover provided to the customers and the sum insured should be raised to at least Rs 1 lakh per family, thereby enhancing the levels of protection. Additionally, critical care and OPD care should be an inherent part of the scheme. As an additional advantage to senior citizens, the sum insured for this category should be increased to more than Rs 1 lakh.

Home insurance

Given the thrust placed by the current government on affordable housing, it is time the government mulls a tax relief on home insurance on the lines of Section 80D exemption. Natural calamities have been shattering the lives of not just rural households, but even urban landscapes. Tax savings would act as a motivation to purchase home insurance and avoid losing the biggest asset and even a source of livelihood. The thrust on home insurance will ease the burden of granting monetary relief from the exchequer when major calamities like floods, hurricanes, etc., strike. This move will not just enhance the penetration of home insurance but also lead to reduction in overall premium for an individual. It will benefit both the government and the home owner if the property is insured.

Farmer's assets

Considering the stress on rural economy as a result of crop failure due to inept weather conditions, crop insurance cover in the form of Pradhan Mantri Fasal Bima Yojana (FMFBY) has been offering some protection and relief to the struggling farmers. There is a further need to cover farmer's assets, households, cattle, etc. It is worth quoting the 'Transformative Agenda for The Indian Insurance Industry and its Policy Framework', report that says, "A 1% rise in insurance penetration translates into 13% reduction in uninsured losses—an increased investment equivalent of 2% of national GDP and a 22% reduction in taxpayer's contribution."

While we laud the efforts of the government in successfully implementing the singular tax regime of GST, there is a need to moderate the rate of GST for insurance products in a country that is averse to taking insurance cover. The current tax rates of 18% levied on retail products like personal accident, home insurance, health insurance—which is steeper than what was applicable during the pre-GST period—should be moderated for enhancing insurance penetration. If positive incentives are offered in the Budget, the general insurance industry would be able to steer the insurance penetration much faster and undertake higher burden of economic contingencies.

Source

Back

Lower own-damage car insurance premiums – Mint – 16th January 2018

You can expect your motor insurance premium to go down in 2018. Some general insurance companies have announced a reduction of 5% to 20% in the own damage (OD) part of motor insurance premiums from 1 January 2018. While companies like Bajaj Allianz General Insurance Co. Ltd, ICICI Lombard General Insurance Ltd and Universal Sompo General Insurance Co. Ltd have already cut the OD premiums, others like HDFC Ergo General Insurance Co. Ltd and Future Generali India Insurance Co. Ltd are also expected to implement the reduction, though they have not finalised its quantum yet.

Why the reduction

Rajiv Kumar, managing director and chief executive officer, Universal Sompo General Insurance said that the implementation of Motor Insurance Service Providers (MISP) guidelines from 1 November 2017 is the reason for cutting OD premiums by 15-20%. The Insurance Regulatory and Development Authority of India had released the MISP guidelines in August 2017. The guidelines specify that for selling company's insurance policies, an MISP can be offered incentives by the insurer or the intermediary it has tied-up with. But the maximum amount allowed is 19.5% of the OD premium. The guidelines specifies that MISPs will not be allowed anything over the incentives, whether it comes in the form of fees, charges, infrastructure expenses, advertising expenses, documentation charges, legal fees, advisory fees, or any other payment.

There have been other cost savings too. ICICI Lombard, for instance, now generates 87.5% of all its policies digitally and over 90% of its OD motor surveys are also done through video streaming, said Sanjeev Mantri, executive director, ICICI Lombard. "This also saves a big cost for us," he said.

The introduction of Goods and Services Tax has also benefited. "Previously, we would end up paying VAT (Value-added Tax) on the spare parts (for vehicles), which was booked as an expense. With GST, we get input credit for what we spend on spare parts. That has come as a significant saving as we were paying around 12% VAT," Mantri said.

Who benefits

Motor insurance, including personal and commercial vehicles, is the largest part of general insurance in India. The reductions in premiums are being offered mainly for personal vehicles. Some insurers are currently limiting it to private cars while some are extending it to two-wheelers too. The reduced premium is being offered on new policies and renewals.

The reduction is only on the OD part of the car insurance premium. A motor insurance policy has two main components—third-party liability and OD. In India, it is mandatory for all registered motor vehicles to have insurance for third-party liability. The premium for this is fixed by Irdai and is announced every year. Premium paid towards this do not cover damage to the vehicle or its owner. It only covers liabilities arising from damage caused to a third party. The damage could be due to an accident resulting in injury, death, or damage to property.

The OD part of motor insurance is optional and it covers damage to the insured vehicle in case of an accident. This part of insurance also covers thefts. Premiums for this part of a motor insurance policy are not fixed by the regulator and insurers can price it as they see fit; hence the ongoing offer of lower premiums.

This distinction may not be clear to some people because when they buy a motor insurance policy, the third party and OD covers come bundled in it. Without knowing it, they actually pay premiums for both covers. While buying a motor insurance, you should compare the pricing being offered by different insurers and then decide.

Source

Farm insurance scheme covers a third of agri households - The Economic Times – 13th January 2018

The Prime Minister's farm insurance plan has covered nearly a third of the agricultural households within a year of being launched, as the government pushes for total coverage ahead of the elections in 2019, official data revealed.

The 'Pradhan Mantri Fasal Bima Yojana' scheme, which is being implemented by Agriculture Insurance Corporation and 15 other insurance companies, was introduced from kharif 2016. As per official data, over 50.9 million farmers were covered under the scheme as on March 31, 2017. The industry had collected Rs 17,255 crore during 2015-16. The same year, about 9 million farmers filed claims and the industry paid out Rs 6,573 crore.

Agriculture Insurance Corporation was the largest insurer, covering over 23 million farmers, followed by United Insurance at 5.1million.

Source

A Crisil report said 77 per cent of domestic crop insurance premiums were ceded to reinsurers in 2016-17. The premium income in the farm segment is expected to reach Rs 25,000 crore this fiscal year, from Rs 21,000 crore last year, making it the fastest growing insurance business in the country.

Back

India: Non-life insurance growth impresses Lloyd's – Asia Insurance Review

The Indian non-life market has seen 12-15% growth each year since liberalisation in 2000, a phenomenon which Ms Inga Beale, CEO of Lloyd's, described as impressive.

Speaking at a press conference on the sidelines of the 11th India Rendezvous 2018 in Mumbai, she said: "Very few markets in the world have shown such a double-digit growth.''

Mentioning that it has been a long journey for Lloyd's in India to arrive at this stage where Lloyd's India branch is functioning today, Ms Beale said: "From Lloyd's perspective, we are very excited about working in India because we believe we can play a valuable supporting role – working in partnership with the local market." Lloyd's set up its presence in the country last year.

Later yesterday, business was mixed with pleasure at the welcome cocktail reception of the Rendezvous, which is organised by Asia Insurance Review. The three-day Rendezvous opened in Mumbai yesterday with more than 700 participants from over 30 countries, which is a record to date.

In her Global Keynote Address at the Rendezvous last evening, Ms Beale sounded a note of both caution and optimism for India.

Concentration of assets

Highlighting the country's rapid urbanisation and the concentration of assets in these urban locations and the consequential enhanced risks, she said the Indian economy can be adversely affected if these critical aspects are not well taken care of.

Zeroing in on Mumbai, the Maximum City, she said: "It is a risky place where a lot of value is concentrated in a very small area. Lloyd's is here to enhance the expertise of the local insurance market so that the emerging risks can be adequately covered and protected."

Agriculture insurance

Ms Beale also noted the dramatic upsurge in agriculture insurance in India, and said that while this has contributed to a rise in insurance penetration in India, insurance penetration still remains very low by global benchmarks. This, however, provides a tremendous opportunity for the industry to make the most of it for the larger good.

Attracting the young

Speaking about bringing in fresh talent into the insurance industry, Ms Beale said: "It is our collective responsibility to sell the insurance story to young bright minds. There is a lot that young minds can contribute to the growth and development of the industry provided we can ignite their passion for the industry."

Insurance can make the economy more resilient

As the world's largest democracy and third largest economy in Asia, India has achieved a significant and stable economic growth despite the macroeconomic turbulence around the world.

However, there are no guarantees that these impressive growth rates are sustainable because India is exposed to increasing frequency of natural catastrophes, said Ms Beale.

Lloyd's Global Underinsurance Report of 2012 had said that a one percentage point increase in insurance penetration is associated with a reduced burden on the taxpayer of one fifth of estimated total damage in case of a loss.

Ms Beale said: "The insurance industry can contribute a lot towards making the Indian economy more resilient. Lloyd's can help support the expansion of insurance penetration in India and limit the economic impact of catastrophes."

Source

She added: "Lloyd's will help create a thriving hub for reinsurance in India, accelerate the international growth of domestic insurers, and safeguard economic growth in the face of disasters."

Back

Health Insurance

Budget wish-list: Hike Section 80D limit, subsidise elderly on health insurance premium - The Economic Times – 17h January 2018

The general insurance penetration in India is very low compared to other countries. To give a fillip to the sector, the Finance Minister should lower the GST for the sector to 12 per cent from 18 per cent in the Union Budget 2018. In India 70 per cent of the medical expenses are met out of pocket. To promote the use of health insurance, the prevailing income-tax benefit under Section 80D should be increased.

Senior citizens are facing a lot of problems as premiums for them are high. A lower GST rate should be provided for senior citizens. The government should also introduce a scheme to subsidise the health insurance premium for senior citizens wherein premium above a certain amount (say 10,000) is reimbursed to the policyholder to his Aadhar-linked account.

Air travel in India is significantly growing. Low-cost compulsory travel insurance should be introduced for air travel. Various courts have held that interest on motor third party claims is a capital receipt and insurers face the contempt of court if TDS is deducted u/s 194 A of Income-Tax Act. To amend Section 194 A to exempt such interest or the limit to be enhanced to Rs 1 lakh per financial year from Rs 50,000.

A compulsory home insurance for a basic sum insured of Rs 2 lakh wherein the policyholder pays a small premium and the premium paid towards the same is exempted from tax.

Prime Minister's Fasal Bima Yojana is expected to cover at least 40 per cent of the gross cropped area of the country, i.e. more than 10 crore farmers would derive much needed financial protection and benefit from the scheme. Primary insurance and Reinsurance on PMFBY have been recognised by the scheme. Reinsurance of PMFBY should be granted exemption from GST, as they are applicable to the primary insurance policy.

Source

Back

Health insurance should be made mandatory: NATHEALTH - Business Standard – 17th January 2018

The government should make health insurance mandatory for all citizens and give healthcare priority sector status, the Healthcare Federation of India 'NATHEALTH' said today.

Also, there is a need to facilitate access to funding by creating a specific fund for healthcare infrastructure and innovation, it said. Currently, only around 4 per cent of the population in the country has health insurance coverage.

Out of pocket healthcare spending constitutes 86 per cent of total healthcare spend in India, NATHEALTH said in a statement. The major reason for the low penetration of health insurance is that it is currently optional, NATHEALTH President Arvind Lal said. In its pre-budget recommendations, the sectoral body urged the

government to explore making health insurance coverage mandatory for all citizens in a phased manner, initially covering the organised sector. "Apart from enabling universal access to healthcare, this move would also meet the urgent need for augmenting healthcare capacity creation in the country," Lal added.

NATHEALTH also asked the government to give priority sector status to healthcare as this will help in the process of enabling development of innovative long term financing structures for healthcare providers. This would also create an attractive environment for domestic production of medical equipment, devices and consumables while also catalysing research and development, it added.

"The Government can think of providing the seed capital for funds such as Health Infrastructure Fund and Medical Innovation Fund. Access to funding by creating a specific fund for healthcare infrastructure and innovation would facilitate access to capital for the sector," NATHEALTH Secretary General Anjan Bose said. The industry body also asked the government that in order to make India a preferred healthcare tourism destination, medical tourism should be made fully exempt from income tax for healthcare providers.

Source

Back

Health insurance renewal without Aadhaar cannot be denied till March 31 - The Economic Times – 16th January 2018

Is your health insurance policy up for renewal before the quarter ending March 31? And did you the insurance agent or official ask you to mandatorily furnish your Aadhaar number when you went to get the policy renewed?

Well, you are not alone. There have been instances where health insurance policyholders have been asked to provide their Aadhaar card number at the time of renewing their policies.

However, in a circular issued by the insurance regulator to all insurance companies, the date by which policyholders have to submit their Aadhaar and PAN numbers to the insurers has been mentioned as March 31, 2018. So, if you are asked to furnish your Aadhaar while renewing your insurance policies before March 31, you can cite the Insurance Regulatory and Development Authority of India's (IRDAI) stand on it.

Dhruv Sarin- Head of Health Insurance, Policybazaar.com informs, "As of now, Aadhaar number is not mandatory to renew your health insurance policy." But can the insurer still refuse to renew your health insurance policy without your Aadhaar number if the renewal date falls before March 31, 2018? "No, it cannot refuse to renew your health insurance policy if you have not yet updated or linked your Aadhaar number," says Sarin.

IRDAI cites the central government's gazette notification on December 13 relating to Prevention of Money-Laundering (Maintenance of Records) (Seventh Amendment) Rules, 2017.

Earlier on November 8, 2017, the IRDAI had directed insurers to link Aadhaar and Pan Card numbers of policyholders with their insurance policies by December 31, 2017, which was the earlier deadline. Now, the deadline has been extended to March 31, 2018. It is to be noted that the matter has been challenged in the Supreme Court and the final verdict, which is still awaited, may impact the government directive.

However, if the government directive stands and it does not extend the deadline, the policy benefits may stand inaccessible post that date. The policy benefits will be suspended until Aadhaar gets linked. Therefore, it is better that you get it done soon.

It is highly important for the policyholder to make sure that the policy gets renewed on the due date (within the grace period) as any break in the policy will mean that the accrued benefits on the policy will be lost. "It is suggested to link your Aadhaar with your health insurance policy at the earliest to avoid any delay at the time of claim," says Sarin.

Here is how you can link Aadhaar to your insurance policy:

Online linking

As a policyholder, you can login to the customer service portal of the insurance company and add your Aadhaar details to your profile. But if you are not a registered online customer, you need to register and then complete the process. For registration, the policyholder will have to furnish details such as policy number, date of birth, PAN, email address, mobile number, and Aadhaar number. Once the Aadhaar number is furnished, a one-time password (OTP) will be sent to your registered mobile number. Once the OTP is entered,

the Aadhaar number is successfully submitted. The insurer will then take couple of days to notify you, either by email or SMS, that the linking process is complete.

Offline linking

Policyholders can approach their insurance agents or visit the nearest branch office of the insurance company with their Aadhaar card to complete the linking process. You need to furnish a self-attested copy of your Aadhaar to complete the process. The insurance company will take a few days to complete the linking.

What if one doesn't have Aadhaar

In case someone does not have an Aadhaar, Mahavir Chopra, Director - Health, Life & Strategic Initiatives, Coverfox.com, an insurance broker, explains what you should to: "Insurers will evaluate cases where Aadhaar number is unavailable on a case to case basis and take exceptions, while recording the reasons for customers not having an Aadhaar number. The other alternative is that the customer can share the Aadhaar enrollment number for the time being with the insurer."

Source

Back

Universal health cover on lines of Obamacare on cards - Financial Chronicle – 16th January 2018

The government is likely to unveil a comprehensive universal health insurance scheme on the lines of Obamacare covering the entire population, including vulnerable sections (below poverty level) and the unorganised sector. The premium would be subsidised but would differ from category to category.

The universal health insurance scheme that could subsume the current Rashtriya Swasthya Bima Yojana (RSBY) is likely to be unveiled in the budget.

Sources privy to the development said the government is considering a three-tier cover. Under Kalyan scheme, which is exclusively for BPL families, about 80 per cent of premium could be paid by the government and the individual has to pay a nominal sum only.

The Soubhagya scheme is for people having annual income of up to Rs 2 lakh, who are mostly from the unorganised sector. The Uday scheme is for the people above Rs 2 lakh income per year.

The limit of insurance may also differ for Kalyan, Soubhagya and Uday. The cover could go up to Rs 5 lakh for the Uday category. It is likely that both private and public sector insurers will be tapped for this.

Once implemented, the proposed scheme could parallel the Patient Protection and Affordable Care Act, also known as Obamacare. The Oabamacare individual mandate has just been repealed by the Trump administration.

In his budget speech last year, finance minister Arun Jaitley had announced the new health scheme stating that serious illness of family member(s) cause severe stress on the financial condition of the poor and economically weak families.

There range of options include co-pay where a portion of premium will be borne by the policyholder and tax-funded model with joint contribution from the Centre and states. Providing universal healthcare is one of the promises of the Narendra Modi government, but the progress has been patchy as the government grapples problems such as service delivery, designing sustainable financing model and regulation of healthcare providers and insurance companies.

The government provides health insurance of up to Rs 30,000 to below poverty line (BPL) households and unorganised workers under the flagship programme Rashtriya Swasthya Bima Yojana (RSBY).

However, the scheme is by and large ineffective with low enrolment rates and hardly had any impact on financial protection of poor households. A study showed that till 2014 only 11 per cent of the BPL families have been registered under the scheme, after six years of its existence. The latest data is not available.

In India, there is virtually no health insurance among any class with more than two thirds of expenditure on health is through cash which is considered inefficient and the least accountable way of spending on health. Health inflation is around 25 per cent on an average, which makes hospitalisation an expensive affair. RSBY scheme was launched in 2008 for below poverty line (BPL) households, but has been expanded to cover other defined categories of unorganised workers. The beneficiaries under RSBY are entitled to hospitalisation

coverage up to Rs 30,000 per annum on a family floater basis, for most of the diseases that require hospitalisation.

The beneficiaries need to pay only Rs 30 as registration fee for a year while Central and state government pay the premium as per their sharing ratio to the insurer selected by the State Government on the basis of a competitive bidding.

Existing RSBY schemes are slowly being wound up to pave the way for the new cover. But the Pradhan Mantri Suraksha Bima Yojana (PMSBY) which is the government's personal accident insurance scheme, has crossed 130 million enrolments and had 132.57 million enrolments as on January 8, 2018 will stay stand alone as will be the term insurance scheme, Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) which has covered 52 million individuals for Rs 2 lakh each so far, according to data from the Department of Financial Services.

Launched in May 2015 as part of the Jan Suraksha Yojana by Prime Minister Narendra Modi, both insurance products are valid for one year each and can be auto-renewed through deduction of premium from the bank account of the person insured. The premium for the accident insurance is Rs 12 per annum, while that for the term insurance is Rs 330 per annum.

Source

Experts the outlook for the health insurance industry looks optimistic for the year 2018. For the half year ending September 2017 the industry health premium stood at Rs 17340 crore as against Rs 14500 crore as at September 2016. The health insurance segment has clocked in around Rs 31000 crore premium for FY17.

Back

Reinsurance

India: Re/insurance industry creates a new world for itself – Asia Insurance Review

India today is a land of opportunities, and the ambient business environment in the country is characterised by exuberance and optimism. The feel-good climate is also reflected among reinsurance and insurance market participants who have received a shot-in-the-arm by way of the second phase of liberalisation of the sector, according to Mrs Alice G Vaidyan, Chairman-cum-Managing Director of GIC Re, in her special welcome address at the opening session yesterday of the 11th India Rendezvous in Mumbai.

Giving a bird's eye view of what the Indian insurance industry achieved in 2017, when several foreign reinsurers started onshore reinsurance business in India, she said: "New reinsurers entering India provide additional capacity in the Indian market and bring with them international expertise. Cedants get access to new and innovative products. All these advantages have the potential to accelerate increase in insurance penetration in India."

In his turn, Mr Sivam Subramaniam, Editor-in-Chief of Asia Insurance Review, which is co-organiser of the Rendezvous with GIC Re, said in his brief but succinct opening remarks that the Indian insurance industry can contribute a lot at this stage when the Indian economy is at a high point in its growth trajectory and there are eager expectations from all stakeholders. With the enormous potential that exists, there is much that can be done.

Emerging countries are rebounding, and India is on top of the scale

Mr Christian Delannes, Chief Financial Officer of SCOR, Global P&C, in his Industry Keynote Address, spoke about the high growth rate of the Indian (P&C) insurance industry since 2011 which is close to 20%.

"The market profitability (and its underwriting) is totally driven by buoyant investment returns which more than offset technical losses with combined ratios consistently above 110%," he said.

To bring about substantial positive change in the Indian reinsurance market, it is important "to conduct the change in a collaborative and effective way, creating a genuine public-private-international convergence," Mr Delannes added.

Key drivers of growth

In his Special Address, Mr G Srinivasan, Chairman-cum-Managing Director, New India Assurance Company, enumerated the key drivers to growth in the Indian insurance market.

He said that the government-led initiative for financial inclusion has brought 618 million persons under government-sponsored schemes in 2016-17. These include the Prime Minister's Jan Dhan Yojana, Pradhan Mantri Suraksha Beema Yojana and some others.

"While direct government initiatives have been a major impetus to growth of the industry, several other factors, including legislative, technological, socio-economic and general economic factors, have also played an important role in this direction," said Mr Srinivasan.

India today has nine branches of foreign reinsurers and two home-grown reinsurers. India is a very large country on a high-growth trajectory, and its insurance and reinsurance sectors have immense scope.

Source

Much has happened on the (re)insurance front in India in the last one year. Hence, it is imperative that the various stakeholders of the Indian insurance industry explore the transforming landscape of the Indian insurance industry.

Back

Pension

Pension body tweaks rule, allows partial withdrawal under NPS – The Times of India – 18th January 2018

The Pension Fund Regulatory Development Authority (PFRDA) has relaxed the norms for partial withdrawal under NPS (National Pension Scheme). NPS subscribers who have contributed for three years can now withdraw up to 25 per cent of the corpus subject to conditions. Earlier, NPS subscribers were allowed to withdraw from the corpus only after completion of 10 years.

"A subscriber on the date of submission of the withdrawal form shall be permitted to withdraw not exceeding 25 per cent of the contributions made by such subscriber to his/her individual pension account," PFRDA said in its latest circular.

Such withdrawals, however, will be allowed only for "higher education of his/her child including legally a adopted child, marriage of his/her child including a legally adopted child."

Withdrawals can also be made for the purchase or construction of a residential house or flat in his or her own name or in a joint name with his or her legally wedded spouse.

"In case, the subscriber already owns either individually or in the joint name a residential house or flat, other than ancestral property, no withdrawal under these regulations shall be permitted," PFRDA stated.

NPS subscribers can withdraw money for treatment of specified illnesses for himself, legally wedded spouse, including a legally adopted child and dependent parents.

Subscribers can withdraw money for hospitalisation and treatment for cancer, end stage renal failure, primary pulmonary arterial hypertension, multiple sclerosis, major organ transplant, coronary artery bypass graft, aorta graft surgery, heart valve surgery, stroke, myocardial infraction, coma, total blindness, paralysis, accident of serious/life threatening nature and any other illness of a life threatening nature stipulated in the circulars, guidelines or notifications issued by PFRDA from time to time.

Source

Subscribers are allowed to withdraw only a maximum of three times during the entire tenure of subscription under NPS.

Back

IRDAI Circular

Source

List of Individual Surveyors updated as on 17/01/2018 is available on IRDAI website.

Source

List of Corporate Surveyors updated as on 17/01/2018 is available on IRDAI website.

Global News

Hong Kong: Insurance market revamps complaints body - Asia Insurance Review

The Insurance Complaints Bureau (ICB) has undergone a revamp and adopted its new name, with plans to expand the scope of its jurisdiction, to handle mediation services and to deal with disputes over non-claim related issues, in the second quarter of this year.

The new mediation service will be free, but it will be subject to review. The goal of the one-stop facility is to promote consumer confidence.

The ICB, formerly known as The Insurance Claims Complaints Bureau, was established in February 1990. Its name was changed as a result of an industry review aimed at improving its consumer protection framework. The body's new chairman is Ms Pamela Chan Wong-shui.

The new ICB has a new governance structure with majority non-industry members forming the board of directors to enhance its independence and is chaired by an independent non-industry member, said Ms Chan, who was the Chief Executive of the Consumer Council from 1985 to 2007.

The objective of the ICB is to provide an independent and cost-effective alternate dispute resolution process for resolving and settling complaints in respect of personal insurance contracts. Its current jurisdiction limit is HK$1 million (US$128,000).

Disputes involving claims above HK$1 million will still be handled by the Insurance Claims Complaints Panel, chaired by Michael Tusi.

Source

The ICB currently has 107 members. As a licensing condition, all authorised insurers carrying on personal insurance business in Hong Kong are required to apply to and become members of the ICB.

Back

Global: Reinsurance capital grows and market stays resilient despite 2017 losses – Asia Insurance Review

Capital dedicated to reinsurance continued to grow in 2017 despite catastrophe losses. Due to ongoing excess supply and overall market resilience at 1 January, rate firming was generally moderate and pricing shifts focused on client-specific justification, according to an analysis released yesterday by Guy Carpenter & Company, a leading global risk and reinsurance specialist and a wholly owned subsidiary of Marsh & McLennan Companies.

Guy Carpenter's estimate of dedicated reinsurance capital, completed in conjunction with A.M. Best Company at year-end 2017, is approximately US$427 billion, up 2% from year-end 2016. While traditional capital is flat, convergence capital grew by 9% to $82 billion including replacement of lost or trapped capital. Guy Carpenter and A.M. Best's estimate of traditional capital is calculated using A.M. Best's proprietary capital model (BCAR) results as well as line of business allocations.

Last fall's concentrated period of events, including four land-falling hurricanes—Harvey, Irma, Maria and Nate—of which the first three were Category 4 or greater, helped make 2017 the third year on record with insured catastrophe losses over $100 billion. Guy Carpenter's current estimate of $113.5 billion in insured loss excludes the NFIP, which does not significantly impact industry capital or profitability. The estimate also accounts for recent decreases in some estimated losses.

"Despite substantial catastrophe losses in 2017, the market demonstrated significant resilience with no notable capital withdrawal and moderate price increases. Evolving market dynamics and innovative reinsurance solutions serve to mitigate significant loss events and protect industry capital and profitability," said Mr David Priebe, Vice Chairman, Guy Carpenter. "The reinsurance and capital markets responded favourably to those companies which were able to present quality data and well developed and executed loss mitigation strategies. These measures support companies' ability to attain customised risk transfer solutions and maximum protection for their risk profiles."

In most lines, loss-impacted policies or those with thin margins were most likely to see price increases. The Guy Carpenter Global Rate on Line Index, measuring the change in catastrophe premiums year over year, increased by 6.1%. This was driven by the impact of large loss activity and exposure growth, as reinsurers'

focus on flat risk adjusted pricing led to higher premiums for increased exposure. Unlike past firming events where supply and demand imbalances and shifting views of risk drove rates higher, the 2017 events were largely within model parameters, and overall industry capital did not decline. Assessment of the market response will continue through the spring, when many of the most heavily loss-impacted programs renew.

The analysis also reviews reinsurer profitability, noting reinsurers have leveraged retrocession coverage more aggressively in recent years, supported by the use of convergence capital. This helped avoid a negative return on average equity (ROAE) for the Guy Carpenter Global Reinsurance Composite, a representative sampling of carriers in the sector, as of the third quarter. Despite the erosion of profits from the first half of the year by third quarter losses, the 10-year weighted average ROAE is 8.1% – a figure including two of the three costliest catastrophe years on record. While reinsurers exercised greater caution in deploying capital at 1 January, there was no indication markets' support of the sector was diminished.

Source

Back

Australia: Health insurers submit proposals to ensure affordability - Asia Insurance Review

In order to maintain affordability of private healthcare insurance (PHI) for low and middle income earners and avoid increasing costs in other parts of the health system and economy, the PHI rebate should remain on extras, or ancillary, cover, says Private Healthcare Australia (PHA) which represents health insurers in the country.

In a submission to the government about proposals for the 2018-19 Budget, PHA says that no further measures should be undertaken to reduce the value of the PHI rebate, and consideration should be given to its restoration for low and middle income earners when economic circumstances permit. The rebate is granted, on an income-tested basis, by the government to help cover the cost of PHI premiums.

In addition, PHA recommends that the value of the Medicare Levy Surcharge should be recalculated and established such that it provides a strong incentive for people to take out and maintain their PHI membership in combination with lifetime health cover, and the proposed discount scheme for younger members. An increase of 50 basis points across the income thresholds is recommended. This would see the surcharge start at 1.5% and reach 2% for the highest income earners, that is, individuals who earn more than A$90,000 (US$72,000) or households with an income of over A$180,000 a year.

Outlining the contributions of PHI, PHA says that the insurance pays for close to two thirds of non-emergency surgery in Australia, 76% of same-day mental health treatments and 56% of all mental health care type admissions, 61% of joint replacements, 59% of chemotherapy and 86% of retinal procedures.

Currently, three in seven hospital admissions in Australia are funded by PHI, and PHI pays for five out of six admissions in private hospitals. In addition, under general treatment cover, health funds pay out more than A$2.628 billion (US$2.1 billion) for dental care, substantially more than is paid towards dental care by the Federal Government. The majority of dental health services provided to low and middle income earners are subsidised by health funds in some way.

More than 13.5 million Australians, or 55% of the total population, hold some form of PHI and almost half of them have an annual income of under A$50,000. More than 80% of Australians with PHI value the product and want to keep it.

PHA says that due to indexation and other changes to the PHI rebate made by previous governments, the value of the rebate as a proportion of premiums is declining and will continue to do so over time. This will exacerbate an affordability crisis in PHI that will have flow-through impacts on the public sector in key areas of non-emergency surgery waiting lists, mental health and dental care.

PHA also says that for decades, an inflexible regulatory environment has locked health funds into paying claims whether or not evidence supports the quality, clinical outcomes and cost-effectiveness of the services provided. This has the effect of protecting vested interests, but now more than ever, with flat wages growth and cost of living pressures impacting households, this inflationary dynamic needs to be addressed.

Cost savings proposals

Health funds have identified a number of measures that will deliver savings to both government and the industry.

The measures outlined by the submission paper focus on:

- reducing fraud, waste and low-value care;
- eliminating perverse incentives to use hospital care as the default option;
- eliminating harvesting of private patients in public hospital emergency departments;
- giving consumers better tools for navigating medical specialist and allied health out-of- pocket costs;
- building on the initial reform of the Prostheses List; and
- maintaining the effectiveness of government incentives (PHI rebate, Medicare Levy Surcharge and Lifetime Healthcover).

Source

Meanwhile, Health Minister Greg Hunt has revealed there is likely to be an average 3.9% rise in PHI premiums wef 1 April this year, which would be the smallest increase in 15 years. The rates of increase are due to be finalised soon.

Back

China: Insurers could gain from asset reallocation in financial sector – Asia Insurance Review

A reallocation of assets in the financial services sector, aimed at reducing risk in the industry through applying the brakes on debt accumulation, may benefit insurers.

Mr Kelvin Chu, director of Asian insurance and diversified financials at UBS, predicts that insurers will have "more space" to compete with banks in the realm of long-term asset management products, reported Shanghai Daily yesterday.

Financial risk control was listed among the "three tough battles" by the top decision-makers at the Central Economic Work Conference held late last month. The other two involve the fight against poverty and pollution.

Regulators have proposed a slew of new regulations to fend off risk. In November, the People's Bank of China drafted new rules for the asset management industry, aiming to reduce financial leveraging and arbitrage. For instance, they prohibit asset managers from promising investors a guaranteed rate of return and stipulate that financial institutions must offer yields based on the net asset value of the products they are selling.

Banks and regulators are now discussing the proposed new rules.

Source

China's economy has steadily become more debt-ridden, reported Shanghai Daily, saying that governments, households, companies and institutions borrow money to make more money, but concern is mounting that it all may be at a tipping point.

Back

Australia: Consumer credit insurance refunds amount to around US$100 mln – Asia Insurance Review

The amount of refunds which insurers have been forced to make to customers for the sale of worthless add-on consumer credit insurance has exceeded A$120 million (US$96 million), according to announcements by the Australian Securities and Investments Commission (ASIC).

As part of the corrective programme, ASIC yesterday announced that Allianz and Suncorp have been forced to return a combined A$63 million to customers collected from insurance add-ons and financing sold through car dealerships.

ASIC announced that Allianz Australia will refund A$45.6 million to 68,000 customers for add-on insurance sold through car dealerships that were of little to no value. ASIC had a number of concerns about the design and sale of a range of Allianz add-on insurance products sold through car dealerships across Australia between 1 December 2010 and 30 November 2017.

Suncorp will refund 41,428 add-on insurance customers A$17.2 million for insurance bought through car dealerships that provided little or no value to consumers. The insurance was provided between 2009 and 2017 by MTA Insurance, owned by Suncorp.

In a statement, ASIC Acting Chair Peter Kell said: 'The refunds offered by Allianz, together with those from other insurers, make up one of the largest compensation programmes achieved by ASIC, with over A$120 million in refunds to consumers as a result of ASIC shining a spotlight on these poor consumer outcomes."

He said that the large-scale remediation sent a strong message to add-on insurers. He said: "Add-on insurance has been under the spotlight for some time now. Insurers should be taking active steps to ensure their customers are not being sold products that provide little or no value. "ASIC's work on add-on insurance is all about making sure customers are being sold insurance that meets their needs and if they haven't, are appropriately remediated."

Other insurers that have been directed to make similar refunds in recent months include:

- IAG-owned Swann Insurance refunds A$39 million in add-on insurance premiums;
- QBE refunds A$15.9 million;
- Virginia Surety refunds over A$330,000;
- Hallmark General Insurance (trading as Latitude Insurance) refunds of approximately A$1.1 million.
- Commonwealth Bank refunds about A$10 million.

Add-on insurance products may be sold at the time of purchasing a motor vehicle. The add-on insurance may be connected to finance associated with the motor vehicle such as consumer credit insurance, gap insurance, walk away insurance, and trauma insurance.

In 2016, ASIC released three reports covering its review of the sale of add-on insurance through car dealers, which found that the insurance is expensive, of poor value and provides consumers very little or no benefit. ASIC is working with insurers to see that improvements are made to the sale and design of add-on insurance products.

Source

Back

Vietnam: Govt sets 2021 as horizon for raising retirement age – Asia Insurance Review

The retirement age in Vietnam, currently 60 for men and 55 for women, may be gradually raised to 62 and 60, respectively, beginning in January 2021, the Ministry of Labour, Invalids and Social Affairs (MOLISA) has proposed. MOLISA offered the suggestion in a draft revision of the Labour Code, but also included the option of leaving the retirement age unchanged, reported Vietnam News.

If the change is implemented, the retirement age will increase by six months annually until it is 62 years for men and 60 years for women. The main reason for raising the retirement age, according to MOLISA, is to ensure the sustainability of the social pension fund in the long run.

Calculations by the International Labour Organisation forecast that the social security fund will face revenue shortfalls beginning in 2023, and be depleted by 2034, forcing the government to subsidise the system. To ensure the fund's sustainable operations without raising the retirement age, either employees and employers will have to pay larger social insurance contributions or employees will have to receive smaller retirement pensions, MOLISA said.

However, lifting the social insurance contributions of employees and employers will increase their financial burden and decrease their competitiveness. And lower retirement benefits will have a negative effect on pensioners' lives. Therefore, raising the retirement age is considered to be the best option.

The draft revision of the Labour Code will continue to be discussed and is to be submitted to the National Assembly at the May 2019 session. The Vietnamese government has been considering gradually raising the retirement age to 62 years for men and 60 for women since 2014. At that time, the proposal was to implement the hike with effect from 2016. However, it met resistance from lawmakers.

Source

Back

South Korea: Issuance of insurance product licences reaches record – Asia Insurance Review

Twice as many exclusive licences for insurance products were handed out in 2017 as in the previous year, breaking records.

The surge in what are essentially insurance product patents was caused by two factors: the implementation of International Financial Reporting Standard 17 (IFRS17), and the government's modification of the rules governing the insurance industry two years ago, reports Korea Bizwire.

These changes to the insurance industry have fomented a need for new and diverse products and fostered an environment that allows insurers to develop and market new insurance plans more freely.

According to the Korea Life Insurance Association and General Insurance Association of Korea, 33 exclusive licenses were issued last year, breaking the previous record of 15 that was made in 2016. Previous to 2016, fewer than 10 exclusive licences per year were approved.

Also record-setting were the 39 applications for exclusive licences lodged last year, beating the former record of 20 in 2016. A total of 25 of the applications were from the life insurance sector, and 21 were approved.

Prior to 2015, insurance firms' products were required to be registered with the Financial Supervisory Service. This arrangement led to greater regulation than intended, inhibiting continued innovation in the market. The government's 2015 "Insurance Industry Roadmap for Improved Competitiveness" allowed firms to register their products after their release rather than before.

The authority to grant executive licences rests with both the Korea Life Insurance Association and the General Insurance Association of Korea. The licences reward creative insurance firms that develop new and unique products, by barring other firms from selling the licensed products for a designated period of time.

Source

The maximum valid duration of executive licences was extended from six months to one year in 2016.

Back

Australia: Insurers to explain premium increases – Asia Insurance Review

Insurance companies would have to explain why policy prices are increased and by how much, in new measures being considered by the federal government.

The Treasury is considering requiring insurers to include the previous year's premium on renewal notices and explain what has changed to make their policy more expensive, reported Daily Telegraph.

The changes could be introduced by Treasury in a move to make pricing transparent and drive competition, after a similar trial in the UK led to 18% more people negotiating a better deal or switching providers.

The news organisation quoted Financial Services Minister Kelly O'Dwyer, who says the current disclosure rules make it difficult to understand insurance.

Source

"The government looks forward to working with the industry on these reforms as it has an important role in improving the information provided to consumers," she said.

Back

China: Insurance market grew by 19% in Jan-Nov 2017 – Asia Insurance Review

China's insurance premium income has continued to see steady growth, with a 19.17% year-on-year rise in the first 11 months of 2017, according to data released Wednesday by the country's top insurance regulator.

Premium income reached CNY3.44 trillion (US$527.6 billion) during the January-November period, according to the CIRC.

Premium income for life insurance companies rose by 21.1% to hit CNY2.49 trillion. Property insurance company premium incomes rose by 14.3% to CNY948.3 billion.

By the end of November 2017, the industry had combined assets totalling CNY16.64 trillion, representing an increase of 10% from the beginning of 2017.

Source

The data showed that the 11-month growth of the sector was slower than that for the first 10 months which was 19.91%.

Back

Australia: Insurers tread carefully in D&O business – Asia Insurance Review

Insurance companies are increasing their scrutiny of company boards and adherence to disclosure requirements to weed out bad risks, says broker Aon Australia.

This comes as insurers providing liability cover to directors and officers have raised premiums by as much as 300% following a sharp rise in the number of share price-related class actions launched against Australian companies, reported The Australian Financial Review.

Mr Eden Fletcher, director of the financial services group at Aon Risk Solutions, said: "We're spending a lot of time having one-on-one meetings with clients and insurers around really allowing insurers to interrogate the corporate governed and how this is all managed internally."

"There is a strong focus at the moment around relationships with the regulators. We are seeing a lot of activity there. [And] particularly in large, complex organisations, if something goes wrong, how does that get reported to the board? How does the board then make a decision around whether they notify the market or not?"

He said that generally, where there has been a long-term relationship, most insurers are trying to support clients, regardless of how they are looking.

Industry experts told The Australian Financial Review that class actions, often related to alleged failures to meet continuous disclosure obligations, had tripled in the past five years, pushing up directors and officer insurance premiums.

For instance, QBE last month agreed to pay A$132.5 million (US$105 million) to settle a class action suit lodged in 2015 by shareholders angry about a fall in the company's share price in 2013 because of a profit downgrade. It is understood the settlement will be covered by the insurer's own insurance and provisions.

Mr Fletcher said the D&O market has not hardened to the point where companies were unable to get cover.

Source

"It's fair to say that globally capacity is available; so while we are seeing a bit of retraction in appetite from insurers there's certainly an ability to obtain cover. And on that basis we don't really categorise it as being a hard market," he said.