भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

INSUNEWS

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QUOTE OF THE WEEK

"The happiness of your life depends upon the quality of your thoughts: therefore, guard accordingly, and take care that you entertain no notions unsuitable to virtue and reasonable nature."

Marcus Aurelius

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Cashless garage

Cashless garage in motor insurance is a feature where an individual can get the insured vehicle repaired at the issuer's network garages without having to pay for it. Network garages are those that insurance companies have tied up with to provide cashless services to their policyholders. You can check the list of garages with their name, address and contact number in your policy document or on the insurer's website.

So, when a vehicle of a policyholder is damaged due to an accident, he/she can approach any of the network garages for cashless service. However, note that insurers will pay only for those damages that are covered under your policy. For the rest, you will have to forego money from your own pocket. Also, cashless garage services may not be available across all cities or regions. Alternatively, you can fix the vehicle at a different garage and get the reimbursement from the insurer.

Source

INSURANCE INDUSTRY

Budget 2019: Insurance sector expects sweeping reform to boost penetration – Financial Express – 4th July 2019

Union Budget 2019 India: Finance Minister Nirmala Sitharaman will present her maiden budget Friday morning. She is expected to announce various reforms to reinvigorate the economy. Insurance sector plays a key role in the development of the country. And it is one of the sector that needs sweeping reforms, including an increase in the FDI investment ceiling to ensure higher penetration of insurance products in the country.

Life Insurance companies are hopeful that finance minister Nirmala Sitharaman will increase the tax exemption limit for insurance policies in the Union Budget.

Separate Tax Exemption
Currently, life insurance premiums are tax exempted up to 1.5 lacs under section 80C of the Income Tax Act. It would be a welcome move, if the government announce separate tax exemption limits for life insurance premium. Additional tax sops as an increase in the exemption limit for the life insurance premiums paid will help to enhance insurance penetration.

Reduction in GST Rate
Goods and services tax (GST) is also one of the key points to include in Union Budget 2019. Be it term insurance, health, ULIP or other plans, insurance companies want it to cut down to nil. The insurance regulator IRDAI is also seeking the government to trim GST on insurance products. During her budget speech, Nirmala Sitharaman is likely to announce the GST vision of the government.

Increase in FDI Limit

Government of India is planning to announce 100% FDI in Insurance intermediaries that give this sector a big boost. Government is looking to achieve FDI inflow of US$ 100 billion. In the budget speech, Nirmala Sitharaman is likely to announce increase of FDI limit in insurance.

Support through Government-run Programs

The government has taken various measures to ensure wider coverage to common masses to cover life & health-related uncertainties. Pradhan Mantri Jeevan Jyoti Bima Yojana is a life insurance plan and Pradhan Mantri Suraksha Bima Yojana offers cover against accidental death & disability. Government has also launched various health insurance schemes such as Rashtriya Swasthya Bima Yojana, Aam Aadmi Bima Yojana, Ayushman Bharat Scheme and many more.

In order to provide comprehensive cover to the people, the Government needs to shed more light on the Ayushman Bharat scheme and also enlist processes to fund and operate it a better manner. When it comes to corporates, employee health insurance should be made mandatory across industries and sectors.

Home Insurance

Insurance sector is also realizing the need to link Home Insurance to Home Loans that will cover your home against the risk of loss or damage that may be caused due to any catastrophe or unforeseen events. In the budget speech, finance minister is likely to announce the vision to link Home Insurance with home loans.

(The writer is Subhash Nagpal.)

Source

TOP

Insurance industry seeks tax exemption - Deccan Chronicle – 4th July 2019

Given that India's insurance penetration is much below the world average, the industry expects the government to incentivise investments made in insurance by relaxing investment restrictions on life insurers to facilitate better fund performance, scaling up income tax exemptions under Sec 80C for life insurance, besides pitching for lowering GST on life insurance products to 12 per cent. The insurers also want the government to establish parity between retirement products and the National Pension Scheme (NPS) by including all retirement products under section 80CCC.

Prashant Tripathy, Managing Director and Chief Executive of Max Life Insurance said, "The government should announce incentives that would render a stronger attraction towards financial protection, such as lowering GST on life insurance products. It should scale up income tax exemptions under Sec 80C to further incentivise behavior towards financial savings and life insurance purchase."

"The government should also streamline defined income in retirement years for Indians by establishing parity between retirement products and National Pension Scheme (NPS) by including all retirement products under section 80CCC," added Tripathy.

Life insurance is the second most preferred mode of savings for households, next only to bank deposits and is a source of long-term investments required for infrastructure as a result the government could relax investment restrictions.

With floods and natural calamities causing damages to lives and property, the government should create a separate section for an income tax deduction on home insurance premium similar to Section 80 D for health insurance.

TOP

Source

Discovering Insurtech: Block chain Disruption of the Insurance Sector – Coin telegraph – 29th June 2019

The business of insurance is enormously complex: The process of evaluating and managing a variety of risks that individuals and organizations face every day inevitably involves coordination of the multiple parties' efforts and reconciliation of extensive records. Both aspects make the insurance sector an appealing ground for block chain-based optimization — and indeed, distributed ledger technology is a prominent feature of a rising tide of technological innovations, collectively known as insurtech, that seek to bring new efficiencies into the industry.

As Coin telegraph previously reported, research firm Markets and Markets in 2018 projected that the value of block chain components in the insurance market will see a compound annual growth rate of 84.9%, reaching $1.4 billion by the end of 2023. A 2019 insurtech-specific report by KPMG noted that block chain was not a "buzzword" or "future innovation" for the insurance space but that it is already operational in flight delay and lost baggage claims systems and is expected to improve other risk domains such as shipping and, somewhat more remotely, health care.

A 2018 World Insurtech Report put together by a consulting firm Capgemini and fintech industry association Efma named block chain one of the technologies set to disrupt the insurance business, alongside artificial intelligence (AI), drones, wearables and robotic process automation. The document cited enhanced information exchange, increased trust and efficiency of smart contracts as major improvements that the technology offers.

Hartford's Insurtech Trends report observed that insurance companies already utilize block chain technology to "streamline processes, provide transparency, and enhance security," as well as for data management and protection, reducing administrative costs and boosting consumer trust and loyalty. All in all, there seems to be a host of actual and potential improvements associated with block chain implementation in the insurance industry. Here is a more detailed look at some of the major areas of optimization.

Automating processes

Verifying the authenticity of claims is a huge part of an insurance company's workflow. Legacy systems that rely on standalone databases and paper records are slow and expensive: Manual approval of a claim may drag for days and even weeks, and the process still leaves room for error or abuse. Making these procedures fully automated — through a combination of a tamper-proof ledger and self-executing smart contracts — could dramatically lower insurers' operational costs, resulting in lower premiums for their customers.

One example of such optimization, reported by Coin telegraph in late May 2019, is a pilot block chain-based platform that the United States insurance powerhouse State Farm is jointly testing with the United Services Automobile Association (USAA), a military-affiliated financial services group. The solution is designed to speed up the auto claims subrogation — the last stage of a claim's processing when the insurer retrieves the costs it had paid to its wronged customer from the at-fault party's insurer.

Fraud prevention
Insurance fraud, facilitated by the lack of interoperability between the industry participants' databases and general complexity of paperwork that accompanies claim settlement, is very common in developed countries. In the U.S. alone, estimates of aggregate losses from this type of offence is estimated at anywhere between $40 billion and $80 billion every year. While it is insurance companies that sustain direct losses, the burden ultimately gets equally shared between all the households that use their services, in the form of increased premiums.

According to the analysts from CB Insights, the fundamental improvement that block chain technology could bring to the area of combating fraud lies in the potential consolidation of insurers' databases. When all claims are stored on a distributed ledger, wrongdoers are left with a very slim chance to, for example, file multiple claims on a single insured event with different companies. A unified transparent database of claims would also enable interested parties to track claimants' suspicious behavior and identify patterns that might suggest abuse.

While the vision of a universal distributed database accessible to everyone in the industry remains a somewhat distant one, standalone block chain verification systems are already getting rolling. One example is the global insurance broker Marsh, which is reportedly poised to unveil its Hyperledger-based proof of insurance platform. Recently, fintech startup Block Claim has procured 500,000 British pounds ($627,000) of venture capital toward its block chain/AI solution designed to automate the processing of insurance claims. The firm reports faster settlements, reduced claim costs and successful implementation of AI-based features for fraud detection.

Health care
One particular domain in which the arrival of operational block chain solutions will change the game entirely is health care insurance. Right now, efficiently managing and coordinating patient data between doctors and medical institutions while preserving patients' confidentiality is a major stumbling block for the sector. According to a CB Insights report, sparsity of data often leads to claim denials, costing medical care providers some $262 billion each year.

One of block chain's great promises is its potential to enable actors to exchange data securely while precisely customizing who is allowed access to which information. Once such a comprehensive distributed medical database is up and running, patients will be empowered to decide which parts of their medical history to share with a certain doctor or clinic. In turn, medical professionals and administrators will see a major efficiency boost from having instant access to their customers' block chain-verified health records.

Although creating a universal ledger of medical records is an enormous task that will require industry-wide cooperation, there are viable transitionary solutions capable of optimizing industry record-keeping in the short run. One of them is MedRec, an MIT Media Lab project. The Ethereum-based system is designed to store not the records themselves but hosts smart contract-enabled permissions that nodes on the network — i.e., patients or medical institutions — can configure to authorize other participants' access to the database.

Property titles
Title insurance is a $15 billion market that is projected to keep growing steadily over the next few years. This type of contract is different from most "traditional" insurance areas in that it protects not from future losses but against claims on something that had allegedly happened in the past — for example, a previous owner's tax lien. A title policy will come into play if a challenge arises to the legality of the new owner's or lender's property right.

Insuring title rights requires the ability to verify that these rights are well-substantiated by the appropriate records. In this sense, the disruption that block chain will bring to the title insurance business is just another facet of a more general disruption of the entire title record-keeping process.

Storing titles on an immutable ledger will minimize the risks associated with loss or forgery of records, allowing legitimate property owners to easily prove the validity of their claims.

Several months ago, two major players in the U.S. market, First American Financial and Old Republic Title Insurance, joined forces to create a block chain-based network of title insurance underwriters designed to enable industry participants to exchange previous insurance records.

Reinsurance

Insurers also need their risks hedged. If a major disaster occurs, a company may get flooded with claims that will drain its reserves too quickly and threaten its solvency. To guard against dire scenarios like this one, insurers purchase coverage from reinsurers or participate in consortium-style intra-industry agreements.

Currently, underwriting reinsurance and negotiating policy conditions is an inefficient and lengthy process. Insurance firms typically rely on several reinsurers at once, creating the need for multiparty data exchange — fertile soil for block chain to step in and streamline the complex web of interactions.

In October 2016, five major European insurers teamed up to form the Block chain Insurance Industry Initiative, or B3i. They have since been joined by an additional dozen of big industry players representing Europe, Asia and North America. The global consortium has since been at work developing and testing a shared smart contract system that provides reinsurance for natural disaster insurance. The system, whose working prototype was rolled out in 2017, is capable of automatically processing data from the affected parties and determining the size of payouts. The arrival of the fully operational system is expected in 2019.

Peer-to-Peer Insurance

Peer-to-peer (P2P) insurance is a model that predates block chain, although it is remarkably consonant with the ideology of decentralization that permeates the crypto space. The idea is that, instead of relying on a central insurer and an underwriter, a group of individuals pool their resources together to create a safety net for whoever from their ranks incurs a loss as a result of an unforeseen event. Participating in such an arrangement, usually comprised of the people whom one knows personally, is generally more affordable than purchasing a corporate-sourced policy — and arguably offers a more pleasant experience.

However, for all the transparency and convenience of such friend pools, they can only scale up to a certain point before the need for professional, centralized management arises. Here enters block chain to save the day. The whole P2P transactional structure of these “horizontal” risk pools closely resembles a decentralized autonomous organization (DAO). As PwC analysts have it, DAOs are known for their “capacity to manage complex rules among a significant number of stakeholders,” which is a perfect recipe for projecting the peer-to-peer insurance model to a new level of efficiency and scalability.

Going forward

With all the potential efficiencies block chain is set to bring to the table, many of the most impressive insurance-related use cases are still aspirational. The bulk of the technology’s disruptive promise resides in the domain of coordination enhancement. In order to fully capitalize on this potential, the industry will have to rally behind the idea of aligning standards of information exchange, shared data pools and broad cooperation. Initiatives like B3i will have to encompass the majority of industry stakeholders, which is a gargantuan task, given the sector’s size and inertia.

Regulation also remains a potential impediment for block chain’s explosive expansion. Insurance companies are subject to heightened regulatory scrutiny and so is distributed ledger technology. Bringing both together will require cutting through a lot of red tape, as well as the creation of new rules to guide the symbiosis.

(The writer is Kirill Bryanov.)

Source

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LIFE INSURANCE

Fraudsters learn trick of Section 45 in life insurance, file death claims after three year lock-in- Moneycontrol – 4th July 2019

A week after a 55 year-old policyholder paid the third premium, a mid-sized life insurer received a death claim on his policy. The insurance company paid his family the Rs 7 lakh death claim.

Problem arose when a month later, another insurance company got a proposal form to buy insurance policy from the same 'dead' man. A sales executive was quick to spot the anomaly since the proposal form had the exact details.

"The policy term was five years and the sum assured was Rs 7 lakh. And similar to the past case, the family took the policy in the name of the insured. We realised that this person was dead years ago and that we would receive a claim after three years," said the sales executive. The policy proposal was declined, and the kin were caught red-handed.

The fraudsters had caught on to this key clause - all death claims filed three years after buying an insurance policy are payable by an insurer. Whether individual policyholders are aware of this or not, the conmen seem to have caught on this opportunity.

When the Insurance Laws (Amendment) Act 2015 was passed, Section 45 of the Act was partially amended to say that no claim can be rejected after three years. This means that once a policy has completed a three-year period, any claim arising out of it will have to be passed.

But given the rising number of fraud claims, life insurers are in active discussions with the Insurance Regulatory and Development Authority of India (IRDAI) to bring out possible solutions. Since it is part of the Insurance Act, any changes to the law will have to be cleared by both the houses of the Parliament.

Insurance sources told *Money control* that while there was a drop in fraudulent activity in 2016 and 2017, there was an increase in 2018. It is estimated that insurers lost almost Rs 250 crore in the last calendar year due to frauds. The rise in frauds is also proportional to the change in the law. While the three-year clause was there in the earlier form of the law too, it allowed insurance companies to investigate/reject fraudulent claims. Not anymore.

While the insurance companies have tried to alert the police, the organised gangs are deft and quickly move to a different city, or a state. Further, a majority of these gangs operate in collusion with doctors, agents as well a few law enforcement officials. This makes it an almost impossible task to nab the culprits.

For genuine customers, it is no good news either. A rise in frauds means that insurers will either tighten underwriting making insurance-purchase a time-consuming process or 'blacklist' certain pincodes. If a prospective policyholder belongs to that pin code, their policy proposal would be subject to deeper scrutiny and in case of any doubt, the policy would not be issued.

From a cost perspective, premiums could also increase if the cases of frauds increase. This would mean that the good customers would compensate or pay for the misdeeds of the bad customers. Companies had also sought inclusion of 'insurance fraud' as a category in the Code of Criminal Procedure. However, no such move has been made on that front.

The writer is M Saraswathy.

Source

TOP

Life insurance policy sees a 5% dip in May – The Times of India – 4th July 2019

Big daddy LIC's poor performance in selling life policies in May pulled down the industry which witnessed a 5% year-on-year dip.

LIC, which contributes to over 70% to the overall life insurance policies, has seen 11% decline in number of policies. The insurance behemoth also saw a marginal dip of 2.6% in individual adjusted first year premium.

"The average ticket size of plans is one of the determining quotient contributing to the overall number of life insurance policies," Harish Kurudi, head of product development and management, Aegon Life Insurance said. The average ticket size of private life insurance players is now Rs 48,000, while that of LIC is nearly Rs 10,000.

"This decline in the number of life insurance policies in May does not indicate any trend. In fact the growth in amount of new business premium indicates that people are choosing to buy policies with larger premium. In India 65% of people already own life insurance, but the quantum of the coverage is small. So, people are now opening up to pay larger premiums for a bigger sum-assured, which is a positive move," another source said.

However, the significant 15.3% rise in the total number of life insurance policy in April, could be a reflection of a spill-over effect, where companies finished the pending orders procured in March. "This year, among individual life insurance businesses there has been a growth of 12.5% and the group business premium recorded significantly higher growth", the source said. In May, LIC has sold 1.14 million individual single and individual non-single policies, while the private insurers saw a growth with sale of 53,257 polices.

(The writer is Mamtha Asokan.)

TOP

Source

Stay healthy, pay less insurance premium – DNA – 3rd July 2019

Much like all insurance products, life insurance makes your life easy by taking the stress out that stems from the unpredictability of life. But when it actually comes to taking a policy, most investors get confused with the overload of information and overwhelmed with the premium amount and want to pay as little as possible. If the cost associated with the insurance premiums has negatively affected your decision of buying life insurance premium, then tips below might help you find different ways to lower your life insurance premiums without burning a hole in your pocket.

Start young
It goes without saying, the younger you are the lesser the cost of your life insurance premium. Starting at a young age is the key to lowering your life insurance premium because your age has a direct impact on your rate of premium. Simply put, if you take your policy as early as possible you will qualify for a cheaper premium versus when you're older as there's less risk associated with a young policyholder. The older you get, higher are the premiums being charged. To save extra cost on your premiums, it is highly advisable to buy a policy in your early 20s.

Healthy lifestyle
The irony is that the time you would most need a life insurance policy- on the heels of your health issues, would be a time you would least get it or the premiums would be higher. Insurance companies get a medical check-up done before issuing you a policy which reveals your health conditions. Basis which insurance companies decide the rate of premium. This is because insurers are well aware of life-threatening habits and tend to charge a higher amount on the basis of that.

Buy online
Policy if bought online is often cheaper and transparent than buying via other modes. Purchasing a life insurance policy can help you compare quotes of different policies provided by different insurers and thereby choose the one which is not only affordable but also provides adequate coverage. The other reason to buy a life insurance policy online is that you are directly dealing with the company and there is no involvement of an agent. Companies save the cost of commission and administration costs charged by brokers by offering policies directly to the customers through online medium. By saving costs on the commission, companies offer a low rate of premium on the insurance policies for their buyers.

Payment mode
While buying a life insurance policy, you get the flexibility of paying the premium in a number of ways such as annually, half-yearly or monthly premiums. Alternatively, the premiums can also be paid as lump sum. In case, you choose a monthly premium as your mode of premium payment and skip on the dates when it comes to making the monthly premium on the due date, then there are higher chances that your policy will lapse. As stated above, some insurance companies also provide with option of making the lump sum premium payment wherein the policyholder gets a discount on the total premium.

(The writer is Santosh Agarwal.)

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Source

How riders can make your life insurance cover more beneficial – Financial Express – 3rd July 2019

In life insurance, your plan can be tailored to fit your financial needs. While there are various insurance plans including term plan, traditional savings plan, unit-linked, health insurance and pension plan available on the life insurance platter, these can be supplemented with various riders to customise your life insurance package.

These riders are nothing but additional covers such as term rider, accidental death and disability rider, waiver of premium rider, critical illness rider, etc., offering benefits beyond the conventional insurance policy. These riders can be availed at the inception or at the time of paying the yearly premium.

Term Rider
If you think the insurance component of the policy you are looking at is insufficient, then term rider can help you double your life cover by paying nominal extra premium. Riders need to be opted for at the start of the policy, but if one feels the need to increase the cover owing to some life events such as marriage or child birth, adoption, etc., one can add a rider at subsequent policy anniversaries. Instead of purchasing a fresh cover to increase the sum assured, a relevant rider would help increase the coverage in an efficient manner and in tune with your needs.

Accidental Death and Dismemberment
Those who don't have a standalone personal accident policy and are seeking an easier option can use the Accidental Death and Dismemberment rider over and above the life insurance cover under their policy.

In the course of one's life, unforeseen accidents may happen that can prove fatal, causing disability or even untimely death. This can adversely affect the family's financial well-being. Such emergencies require lump sum financial assistance to overcome the trauma. Specific riders like Accidental Death and Dismemberment rider, can help fill the financial gap for the family in case tragedy of either nature strikes.

Waiver of Premium Rider
A disability can cause serious financial strain on a family. The new unexpected expenses, as well as paying life insurance premiums can become a struggle. The inability to pay life insurance premiums each month could also result in cancellation of the coverage. The waiver of premium rider acts as the saviour if the insured is permanently disabled due to accident or sickness. All the future premiums of the base plan are waived for the rest of the premium paying term of the base plan and all future benefits would continue under the policy.

Critical Illness or Cancer-specific riders
Death is not the only eventuality that people dread; it is also the fear of major illness or disease that is a cause for worry. Critical illness riders have been designed to ensure that lack of money does not hamper or delay the treatment of diseases, for instance, heart ailments, cancer, kidney failure, etc. A lump sum benefit based on the disease and the sum assured opted for the rider is handed over to the insured upon detection of the disease. Unlike mediclaim, one needn't produce treatment bills to make a claim as the lump sum is paid out irrespective of the amount spent on treatment.

The base policy must always be in force for the rider to be active. While riders can be added to offer better coverage, they also come at a nominal extra premium. But these riders offer the benefit in a cost-efficient way too. For instance, if one were to buy a personal accident and disability cover separately one would have to shell out much higher, but the same can be purchased at a fraction of the cost through a rider.

(The writer is Bharat Kalsi.)

Source

TOP

Life insurance just a tax-saving instrument? It's much more than that – Financial Express – 2nd July 2019

As the financial year ends, most people in India tend to buy life insurance because it is tax-efficient. With hardly any time left for taking the decision, tax payers make the mistake of buying insurance for tax saving. In the process they end up choosing an unsuitable plan or paying higher premium. However, when an individual is buying a life cover, the core purpose should not be limited to just tax saving. It has a more significant purpose and importance to our lives.

An investment of around Rs 50 thousand on insurance premium will help you save approx. 15,000, if you fall under the uppermost tax bracket. Although the number is quite eye-catching and will help you save a lot taxes on your annual income, yet life insurance should not be restricted to just saving a few bucks on tax. Instead it should offer you a long-term assurance of greater wellness for tomorrow.

The rationale of life insurance is very meek. It is supposed to be a product for long-term commitments and hence buying it for tax saving should not be the key driver of one's investment decision. It's a way to protect family members financially in case a provider dies unexpectedly.

Life insurance is bought for many reasons which may not only include protection and tax saving purpose but also to meet various financial goals of your life like your child's education, paying off debts etc.

Over the years, life insurance has given you peace of mind knowing that the money would be available to protect your family in a number of ways. Therefore, it is very important to understand the main motive behind every life insurance policy.

Replace Spouses' Income
This is one of the most common reasons to buy life insurance policy and makes a lot of sense if your family depends on your income. Life insurance works to provide financial security to your loved ones after you pass away.

For instance, if you are the primary bread earner in your family and your loved ones rely solely on your income, then your family would not be able to cover your regular bills without your monthly income. Therefore, it is very important to get yourself an adequate coverage that they would need as an alternative to your income which is essential for maintaining your family's lifestyle.

Cover Children's Expenses
Like all other parents, you must want to be sure your kids are well taken care of and be able to afford a quality education and therefore you leave no stone unturned to provide the same. In majority of the cases, parents rate education as one of the most vital spending where they don't want to hold back and are ready to go extra mile to fulfil the dream of their kids.

Foreign education costs anything between Rs 50 lakh and Rs 1 crore and often it is observed that parents take bank loan for catering to the needs of their kids. With finances playing a big role in fulfilling that dream, life insurance gives a chance to take care of your child's education even when you are not around.

Pay Off Debts
In addition to cover everyday living expenses, your family would need life insurance to pay off the debts like the mortgage so that they wouldn't have to sell the house to stay solvent. From banks' view, the guarantor is treated as good as the borrower. In a case where your spouse is the co-signer for the loan, he/she will have to take the responsibility for your loans if you die before you've paid them off. However, to protect your family, friends or anyone who helped you qualify while taking the loan, buy life insurance with the enough coverage which can help them to pay off all your debts.

Insurer	Plan Name	Cover Up To	Annual Premium (Rs.)
ICICI Prudential Life Insurance	iProtect Smart	70 years	12,502
HDFC Life Insurance	3D Plus Life Option	70 years	12,478
Max Life Insurance	Online Term Plan Plus	70 years	10,148
AEGON Life Insurance	iTerm	70 years	8,331
TATA AIA Life Insurance	Sampoorna Raksha	70 years	9,912

Source: www.policybazaar.com

Below is the price comparison of Term Insurance plans offered by 5 prominent insurers for a 30-year-old, non-smoker man, residing in a metro city. The total sum assured is Rs 1 crore.

(The writer is Santosh Agarwal.)

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Source

Complaints abound against insurance cos – The Times of India – 2nd July 2019

Two in every five cases lodged in consumer forums in north Andhra are related to the insurance sector. According to senior advocate K Murali dhar, said that over 60% of the 300 cases pending at the consumer forums deal with insurance firms.

Consumers who buy insurance policies, without understanding the terms and conditions properly find themselves in a tricky situation at the time of receiving compensation, he added.

According to the legal fraternity, consumers in the region have been filing cases not only against private insurance companies, but also state-run insurance companies like the Life Insurance Corporation (LIC) and the New India Assurance Company.

Speaking to TOI, senior advocate Y Srinivas said that many insurance policy holders do not understand Section 45 of the Insurance Act. Consumers come to know about the terms and conditions only when they are applying for compensation. According to Section 45 of the Insurance Act, the life insurance contract between the insurance firm and the policy holder is an important landmark.

Moreover, an insurance firm can reject the claims of relatives of policy holders who are deceased on grounds of misrepresentation such as age suppression or suppression of a material fact in the event of death of a policy holder, Y Srinivas added.

Moreover, in cases related to insurance firms, forums have been finding fault with the firms for not providing material evidence to prove alleged suppression. As a result, the firms are being asked to pay out the insurance claim along with compensation, lawyers added.

(The writer is Nalla Babu.)

TOP

Source

How to fight for your financial rights – The Economic Times - 1st July 2019

Imagine being sold a single premium insurance plan only to realise that it is a regular premium policy. If the 15-day free-look period has expired, there is very little you can do. You could curse your luck, rant at the agent, quietly swallow the deceit if he is a relative or friend and write off the loss. Or you could stop paying the premiums, let the policy lapse or surrender it to salvage whatever you can of the premium already paid. Or you could fight for your rights like Sujeet Singh did.

Singh was mis-sold a policy with an annual premium of Rs 20,000 as a single premium plan that would yield over Rs 50,000 after five years. When he realised he had been mis-sold the policy, he first approached the life insurance company to cancel the policy and refund the premium. The company refused. Its contention was that the policy had been issued on the basis of a proposal form signed by the policyholder. Moreover, he sought a cancellation more than two months after the policy bond had been delivered.

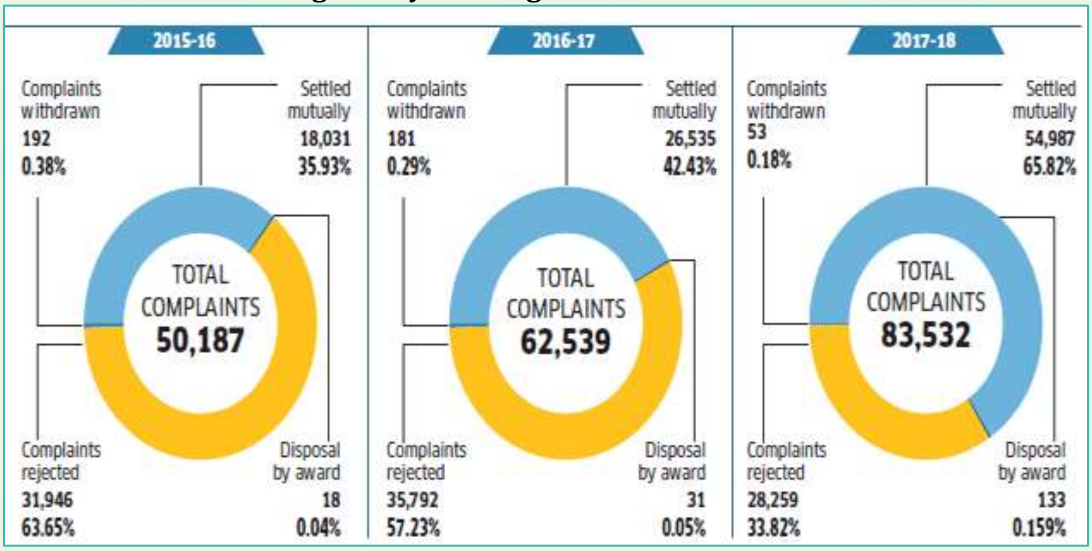
Most victims of insurance mis-selling don't go beyond this. But Singh did not take matters lying down. He escalated the matter to the insurance ombudsman office, which passed an order in his favour, directing the insurer to cancel the policy bond and refund the premium. The ombudsman indicated the delay ought to be condoned as agents are known to keep customers engaged for around two months, to prevent them from seeking timely redressal.

Some verdicts pronounced by grievance redressal authorities are giving consumers hope and reasons to fight for their rights.

Mis-selling menace

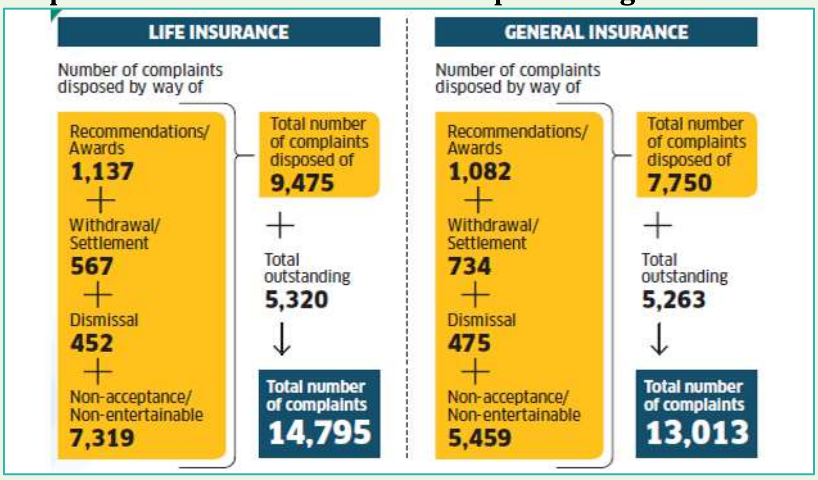
"Amongst deliberate mis-selling of policies, the most common malpractice is to sell a policy with a hefty premium, representing it as a one-time payment, when in reality it is to be paid annually. Very often the policy is sent late," claims consumer activist JehangirGai. Irdai's data corroborate this statement. Unfair business practices, primarily mis-selling, makes up the highest proportion of life insurance complaints filed.

The number of awards given by banking ombudsman has increased, but still remains low



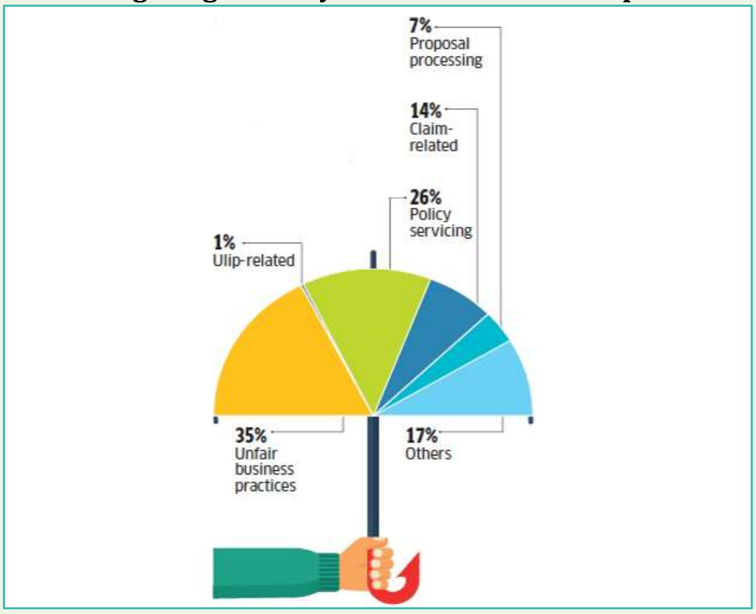
Figures in % indicate percentage to maintainable complaints. Source: Annual Banking Ombudsman report 2017-18

Proportion of not-entertainable complaints high in the insurance sector



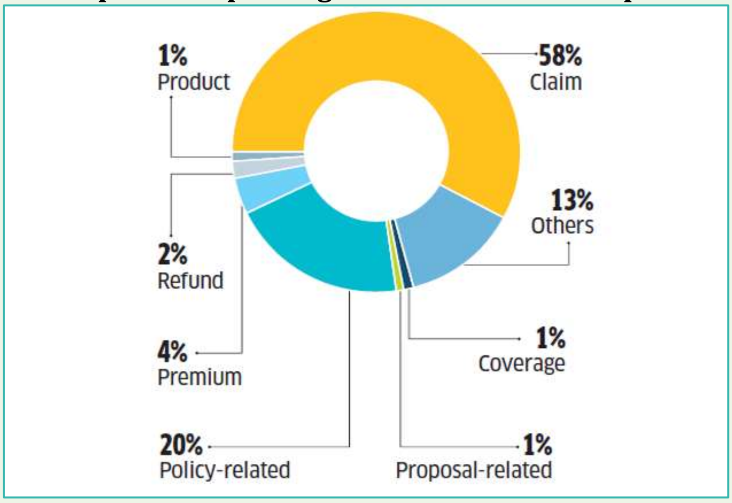
Source: Insurance Ombudsman Annual Report 2017-18

Mis-selling weighs heavy in life insurance complaints



Source: Irdai Annual report 2017-18

Claims prime culprit in general insurance complaints



Source: Irdai Annual report 2017-18

As a buyer, go through the policy documents during the free-look period to ensure that the offerings match what the agent promised. Follow up with the insurance company directly if the agent delays the documents. "Avoid telephonic communication. If a policy is delayed, let it be recorded through a letter or e-mail. When the policy is received, make a note of the date of receipt and retain the envelope," advises Gai. In case of any discrepancy, inform the insurer in writing about the same as well as your intention to cancel the policy, and retain the proof.

Biman Krishna Bose VS United India insurance
Redressal authority Supreme Court of India
Year: 2001
Complainant: Biman Krishna Bose, the insurer's customer
Defendant: United India Insurance

The case: The complainant's grouse was the insurer had declined renewal on same terms, effectively ruling out coverage to ailments contracted during the policy term.

Verdict in favour of Biman Krishna Bose

The SC made it clear that a renewal of an insurance policy means repetition of the original policy. A new contract will have to offer same conditions as the original.

Unjustified claim rejection

While life insurance policies are often sold and bought as investment plans, securing the finances of a deceased policyholder's family remains its core function. Therefore, a claim repudiation hits harder than mis-selling. Take Jaggo Devi's case. According to the case synopsis on the ECOI website, her late husband had purchased two policies with a sum assured of Rs 1 lakh each from LIC. The claim was, however, rejected on the grounds that her husband was paralysed before the date of proposal and the fact was suppressed. Jaggo Devi, on the other hand, argued that the insurer had medically examined her husband before accepting the proposal and he was healthy.

Virendra Pal Kapoor VS SBI life

Redressal authority Allahabad High Court Year: 2014
Complainant: Ulipholder Virendra Pal Kapoor
Defendant: SBI Life
The case: 72-year-old Kapoor alleged that he was mis-sold a Ulip, which resulted in his investment of Rs 50,000 shrinking to a paltry Rs 248 in five years

Verdict in favour of Virendra Pal Kapoor

The Allahabad High Court held SBI Life responsible for the mis-selling and the company had to refund Rs 50,000 to Kapoor.

Lesson for consumers: *Do not condone mis-selling by bank distributors or agents by writing off your loss. Fight the good fight to get your dues.*

The insurer relied on its investigations and declared his ailment to be pre-existing. Upon review of documents, however, the ombudsman concluded that all certificates issued by hospitals were dated after his death and failed to prove the deceased was paralysed prior to the proposal date. The ombudsman rejected the allegation of preexisting disease and directed the insurer to pay the claim. "The onus of proof is on the party making the allegation. When the insurer alleges a disease is pre-existing, documentary evidence must be produced to refute the claim. Bald allegations are not permissible," says Gai.

Health claim woes

Claim repudiations or partial settlements are more common in health policies than life since they pay for medical expenses of a recurring nature. Every claim goes through scrutiny in health insurance and dissatisfaction levels are high. Repudiation on grounds of pre-existing diseases being excluded from coverage is among the most common causes of disputes.

After purchasing a policy in November 2016, Bhuwan Chandra Joshi was diagnosed with a heart ailment in February 2017. He was admitted to a hospital for further investigations and procedure. The insurer, Star Health Insurance, however, rejected the claim on the grounds that it was a pre-existing ailment and the claim was not payable until 48 months of continuous coverage had elapsed. The insurance ombudsman pronounced a verdict in favour of Joshi, as the insurer could not submit evidence to prove the disease was pre-existing.

"The moot point was not whether the insured had this problem prior to proposal or not but whether he was aware of this problem prior to proposal and whether he had consciously concealed facts from the company. In absence of any evidence, the insurance company was directed to make payment of admissible claim amount," says the report. It is important to disclose all health conditions at the time of buying a policy, but a company cannot deny a claim if you were unaware of the illness.

Transaction trouble

Customers are often left in the lurch in case of fraudulent card or electronic transactions if their banks take the stance that the former's negligence led to the fraud. Since 2017, the RBI has taken several steps to safeguard interest of banking as well as electronic prepaid instruments' customers. The Banking

Ombudsman annual report 2017-18 lists several cases where customers have emerged winners after hearings.

One such case relates to fraudulent online transfer of Rs 1.5 lakh through 60 transactions when the card was in the complainant's possession and OTPs had not been shared. Despite this, the bank alleged the complainant had shared card credentials, she was negligent and therefore, no liability could be pinned on it. During investigations, the banking ombudsman scrutinised the SMS delivery log and account statement of the complainant and observed that the bank had not carried out velocity check and transaction pattern monitoring as required by RBI rules.

Given that the complainant had never used the card for bulk transactions in the past, the bank failed to detect the unusual patterns. The banking ombudsman then advised the bank to refund the disputed amount to the complainant. "Even though the bank failed in its duty to monitor the transactions, it still wanted the customer to bear the loss. So it was held negligent," says Gai.

To ensure that the onus of any fraud lies with the bank, inform the bank of any unauthorised transaction you notice within three working days. If you report a dubious transaction after three working days and within seven working days, your liability will be capped at Rs 25,000. After seven days, it's up to the bank to determine your liability. "As customers we must know what checks and balances are available in the system and in case there are any lapses and loopholes on the part of the bank in adhering to them, one must take up the issue or escalate it at the earliest," says AteevMathur, Partner, SN Gupta and Associates, a law firm. Do not assume you have to write off your loss. Recourse is available thanks to RBI rules. If your bank does not perform its duty in spotting frauds, it is a ground for complaint.

You can approach the banking ombudsman in such cases, but ensure that you file a complaint with your bank first. "The complaint has to be made to the BO within a year from the date of reply from the bank or if no reply is received within a period of one year and one month from the date of representation to the bank. The customer cannot make a complaint if the subject matter of the complaint is pending for disposal or has been dealt with at any other forum like court of law or consumer court etc," says Anand Aras, CEO, Banking Codes and Standards Board of India (BCSBI).

Banks as mis-seller

Often, it's the relationship managers at banks who sell unsuitable policies, disregarding age, goals and risk profile. Though the banking ombudsman puts proportion of mis-selling complaints at just 0.5% of total grievances, the menace is rampant. Besides, it is also likely that such complaints have been filed under non-adherence to fair practices code and BCSBI code, which cover sale of unsuitable products.

In one such instance recorded by the BO annual report, the complainant, who wanted to park proceeds from sale of land in fixed deposits, was sold a life policy. He had no regular income, but the policy carried an annual premium of Rs 99,000. The bank refused to cancel the policy within the free look period claiming it had no authority to refund the amount as it was the insurer's product. The ombudsman ruled in favour of the complainant, noting that the bank had not examined the feasibility of the transaction.

Besides, the application form, too, wrongly mentioned that the complainant was employed, which was not the case. The bank was asked to refund the premium along with interest applicable to deposits of more than a year from the date of selling the policy till the date of refund and `10,000 as compensation for loss of time, harassment and expenses. "When a person opts out during the free look period, the bank is duty-bound to cancel the policy. Moreover, if an unsuitable policy is sold, it clearly indicates deliberate mis-selling," says Gai.

RERA relief

Until the Real Estate Regulation and Development Act (RERA) came into being in 2017, homebuyers had no recourse for grievances against builders. They had to approach consumer courts. With a clutch of states implementing RERA, it is expected that redress will be faster, though gaps remain.

Homebuyers short-changed by builders can look up to recent cases that have been adjudicated. In a case of delayed possession and misrepresentation in Mumbai, Wadhwa Developers was asked to compensate Ketan Kataria, a homebuyer. The builder failed to give possession by the promised date. The Maha RERA allowed the complainant to withdraw from the project and directed the company to refund Rs 1.9 crore with interest, and pay a compensation of Rs 2 lakh for misrepresentation on access to amenities offered.

Home buyers VS Unitech Developers
Redressal authority Supreme Court
Year: 2017
Complainant: Homebuyers
Defendant: Unitech
The case: Delay in construction and possession

Verdict in favour of Homebuyers
The SC penalised the builder – Unitech- which was directed to pay 14 % interest on over Rs 16 crore invested by 39 homebuyers.

Lesson for consumers: The judgment and RERA redressal actions offer hope to homebuyers exasperated with unending delays and tall promises. Knock on the doors of RERA and the courts if your developer falters.

You can also approach a consumer court. In a recent case adjudicated by the National Disputes Redressal Commission, developer Orris Infrastructure was directed to not only refund the principal of Rs 1.15 crore, but also pay interest of 12% per annum and foot the buyer's litigation bill of Rs 25,000. "Consumer fora are the best choice. This is because even though they are over-burdened and more time consuming, they are more consumer oriented," says Gai.

(The writer is Preeti Kulkarni.)

Source

TOP

Attention! Smoking affects your insurance premium – Financial Express – 1st July 2019

A recent study says, the premium of your life insurance policy is affected more by your smoking habits than the job profile – jobs with high fatality rates have higher premiums. The details of the report reveal that the smokers across all occupations pay an average of 50% more for their life insurance in comparison with the premium paid by non-smokers. This means, on an average, a smoker pays Rs 650 to Rs 850 more monthly for their life insurance policy than non-smokers, equating to Rs 8,000 to Rs 10,000 per year.

Smokers pay higher premium Life insurance premium is often calculated considering the job profile of the policy seeker. While the life insurance premium for people with high risk job profiles like construction workers and prison officers is quite high, people with low risk job profiles like bankers and software engineers pay a lower premium for life insurance policy. By splitting each industry into smokers and non-smokers in order to assess their respective premiums, the data revealed that a smoker in a relatively low risk job profile industry will still be paying significantly more each month for life insurance than a non-smoker in a high risk job profile.

An important reason why smoking has a much bigger impact on the life insurance premiums than most job profiles is proven detrimental effect of smoking on people's health. While even the highest risk job profiles are still very unlikely to result in death, smoking is the primary reason for a plethora of life-threatening diseases. Smoking tobacco for long has been associated with rising incidents of life threatening diseases like lung cancer, tuberculosis, heart ailments, strokes, bronchitis, infertility, and peptic ulcer.

Every year, approximately 10 million tobacco-related deaths occur globally and India alone accounts for one-sixth of the deaths. In total, there are over 120 million smokers in India i.e. around 12% of the world's smokers. As per industry pundits, the total number of tobacco-related deaths are expected to across 14 million by 2030 globally. When looking for life insurance cover, individuals must always thoroughly review the market looking for the most competitive plans available and in case you already have a life insurance cover, you should review it regularly.

Usage frequency In order to determine the premium of your life insurance cover in case you are a smoker, the insurer inquires about your usage frequency of tobacco products in the last one year. This would include all tobacco-based products like cigars, cigarettes and even chewing tobacco. Based on the information provided by the policy seeker, it is entirely the prerogative of the insurer to determine whether or not an individual is a seasoned or an occasional smoker. Basis this, the insurer decides to charge loading (increase in premium) on the life insurance policy premium or even terminate the policy considering the level of risk involved. In case you do not disclose your smoking habits with the insurer at the time of issuing of policy, it can result in abatement of the claim.

In case the life insured or a new customer provides misleading information to the insurer regarding the smoking habits under the fear of high premium, this may go against the life insured or the policy seeker. While most insurers ask the potential customers about their smoking habits verbally, they can even ask for a physical exam in some cases or request for a recent medical history.

While it may be easy to lie verbally, it is practically impossible to cover up the traces of nicotine in the medical test even if you are an occasional smoker. To stay adequately cover, the customers need to be honest with the insurer about their smoking habits as life insurance companies take smoking as a serious clause and are extremely strict about it.

If you are a smoker, you must immediately stop smoking and rather educate people around the dangers attached with the use of tobacco in any form.

(The writer is Santosh Agarwal.)

Source

TOP

GENERAL INSURANCE

Government may give leg-up for disaster insurance - The Indian Express – 4th July 2019

With natural disasters frequently hitting the country, the NDA government's Budget is expected to announce some tax benefits for insurance policies covering natural disaster so that people can be encouraged to buy these policies.

Advertising

Sources said the Ministry of Finance has held extensive discussion on the issue with the insurance industry as part of pre Budget discussions. The tax benefit can be on the lines of retail health insurance policies which offer tax benefits to the policy holders which has made the segment as one of fastest growing segments in the country, said an official. "By offering tax benefits, the government can encourage people to buy insurance policies against natural disasters like floods, cyclone and earthquakes where losses can be recovered from the insurance and reinsurance companies," he said.

Currently, the central government and the state governments are compensating for the huge losses to the extent it can, creating deep holes in public finance.

Also in the absence of an insurance mechanism, the huge gap between economic losses and insured losses has been affecting both common man and economy of the country. "We have seen in the initiatives of central government like Prime Minister Fasal Bima Yojana (PMFBY), Ayushaman Bharat, Prime Minister Jan Dhan Yojana (PMJDY), insurance is being used as a social security and social empowerment tool to reduce the financial burden for the government through effective risk transfer solutions. A similar measure as part of country's strategy towards disaster management can bring about enormous benefits to the citizens and the government," sources said.

The country has seen many natural disasters in recent times like Chennai Floods, Kerala Floods and Orissa Cyclone – Fani. In fact, after being hit by massive floods that led to over Rs 25,000 crore of economic losses, the Kerala government had invited state owned GIC Re and the second largest global reinsurer Swiss Re to suggest insurance solutions as part of disaster management.

This trend is irreversible and instances like many high-rise fires in the recent past in Mumbai and other parts of India, give grim reminder of potential catastrophic consequences for the government and society at a large. Such consequences have the potential to put enormous stress on the financial resources of many state governments that are already over burdened.

In India, most of the losses suffered in natural disasters are not insured, for reasons such as lack of purchasing power, lack of interest in insurance and ignorance of availability of such covers. Quite a numbers of insurance companies including joint ventures with foreign insurers are providing catastrophic covers implying that the commercial and private sector can also play an essential role in disaster mitigation with the right incentives, sources said.

The proposal for an insurance catastrophe pool (INCIP) which would have mitigated the sufferings proposed some years ago was stuck with the government with no decision taken about charging of premium and the complex issue of implementing the scheme across the country.

(The writer is George Mathew.)

Source

TOP

Travelling? Pack the right insurance – DNA – 2nd July 2019

When you set off from home on a long trip, the one thing that you inevitably do is to double-check that you have turned off the lights, correct? Well, with the current backdrop, you would probably be well off to check that your travel insurance is also in place.

From losses to delays to health issues, this seemingly tiny bit of minutiae may just give you that edge for a safe and a successful trip, away from home.

"Today travel insurance is more of a necessity than a luxury," says Parag Ved, executive vice president and head consumer lines, Tata AIG General Insurance about the need for travel insurance.

Since travel insurance covers medical and non-medical eventualities, it really helps the customer during any emergency medical event, personal accident, in case of baggage loss, baggage delay, trip delay, trip cancellation, etc. It's advisable that all travellers opt for a travel policy to manage unforeseen contingencies adequately, especially on foreign turf.

"Remember that emergency medical treatment can be a significant dent to your pocket in most developed countries and it's prudent to cover self for these eventualities," says Anik Jain, co-founder and chief executive officer, Symbo Insurance.

SMART INVESTMENT
The number of days and country of travel becomes particularly important if one has stopovers across the continents of America and the rest of the world, as rates are different for these two geographies. Limits of sickness and medical expenses. This is important as aged travellers may require higher limits than a younger traveller and particularly in countries where medical expenses are very costly such as the US, UK, Canada etc. Medical condition is an important part. If you are travelling with a known medical condition, please ensure to check the policy terms if they are covering those medical conditions or not.

Do note that travel insurance has also become a sort of mandatory for travelling to specific destinations. Approximately 30% of travellers from India are visiting Schengen countries, where medical insurance is compulsory. "Increasingly, more and more countries are making it mandatory or as a check-point whilst issuing visas," adds Ved.

Now one objection will be why go in for insurance when you believe that your airline will reimburse you if your baggage is misplaced, delayed or lost?

"People overlook that coverage is available only when the baggage is in the custody of the common carrier, which in most cases is the airline," says Ved. Do remember that the policy will cover only checked-in baggage and delay in receiving baggage outside Indian boundaries.

Many travellers think their airlines will reimburse them in case they miss their flights due to connecting flight delays or in case of flight cancellations, but most airlines do not reimburse unless it's for some unavoidable reason. More often than not, the fine prints in airline insurance make it nearly impossible to get any coverage. Also, in case you have to cancel your flight due to illness or an emergency, you are left high and dry without insurance.

Also, travel insurance is certainly available for other modes of transport such as railways, cruise lines, road and domestic travel. "You have the option of buying travel insurance for these modes of transport at the time of buying the ticket," says Pramesh Parikh, VP-Anand Rathi Insurance Brokers.

"Besides medical expenses and lost baggage, there are other points that people tend to overlook when buying their travel insurance policy," says Anurag Rastogi, chief actuary and chief underwriter, HDFC ERGO General Insurance Company.

These include personal liability (death, injury or damage to third party health or property), financial emergency assistance (emergency cash if robbery, theft or dacoity abroad), hijack and hotel reimbursement extension (reimbursement of hotel expenses for the individual and his family members if the insured is hospitalised for more than 5 days).

Again in travel insurance like any sort of insurance make sure that your paperwork is in order prior to claiming your reimbursements. "There are two categories of claims (in travel insurance). One related to medical reasons such as sickness, hospitalisation, accidental, dental and other is related to trips such as loss of passport, baggage, trip or flight cancellations," adds Parikh.

For medical related claims, upon hospital admission, you need to give your certificate of travel insurance to the hospital authorities, who would help you in lodging the claim with your insurer. Additionally, you may call your service provider helpline number to help you with the process.

For reimbursement claims related to sickness consultations, dental treatment, including expenses incurred during hospitalisation but not cleared during the cashless process, preserve the bills along with the prescription and other necessary medical reports in original. "You may claim them upon your return to your home country," says Parikh.

For lost passport or baggage a police complaint, complaint to airline/airport authority with their acknowledgement are necessary documents required to process the claim along with expenses incurred at passport authority offices and charges by airport/airline. In case of flight cancellation or delay; letter/message by the airline is a required document; though it may sound unnecessary, some insurance companies do insist.

"It is best advised that one should intimate the claim to the insurance company on the numbers provided in the Travel Insurance Policy or to your Insurance Advisor, during your trip itself rather than on landing in India," says Parikh.

"For third-party loss, it's best to call up the assistance company and register a claim, post which they would appoint a legal team to represent the insured," says Ved. "As in any insurance, one should make complete disclosure of travel plan, health situation etc while buying a travel insurance policy," says Jain. Unfortunately for your tax planning travel insurance is not tax deductible for an individual. However, they are allowed as business expenses if bought by a company.

Sickness and medical reimbursement limits are the drivers for a travel insurance policy. Travel insurance covers (insured) range from $50,000 to $500,000. "Premiums depend on the geography of travel (America/Asia/Rest of the world), age of the traveller and duration of the trip," adds Parikh.

"I suggest that the buyer (insured) must look at the medical coverage and the reputation of the insurer in the international market and its service assistance provider," concludes Ved on how to choose the policy that will safeguard you on your voyage from home.

(The writer is Manik Kumar Malakar.)

[TOP](#)

Source

Budget 2019: Modi government must take these steps to check 'growing medical expenses' – Financial Express – 2nd July 2019

Budget 2019 India: In India, during the last decade health related expenses have pushed about 55 million people below the poverty line. Per capital health care spend has increased by 79% in 2015-16 from 2009-10. Alarmingly, 80.5% of this healthcare spend is still from out-of-pocket expenses.

In the next 10 years we would spend $372 billion for our healthcare according to an IBEF report published recently. Where and who will fund it? It is a matter of concern and affects all of us at large.

Growing medical expenses

At one end we can see the disease pattern changing fast with newer diseases attacking us and old medical conditions getting more severe. On the other hand, the cost of medical treatment is on a steep upward curve. Thus, the challenge to hedge medical expenditure risk is getting tougher evey day.

There is another dimension to the problem. With the advent of nuclear families, the support we had in the past from our extended friends and families is hard to come by today. We have a need for a trustworthy support system that can be at our side when we are struck by a medical emergency.

Health insurance surely could be one such support system. It is imperative to work towards making people live a better life by having adequate health insurance. In the upcoming Union Budget, we would like to see a few strong steps taken to help health insurance penetrate further and more efficiently.

Budget expectations

A few steps that would help increase the momentum towards inclusion are:

Waive off GST charges: At present, GST charges on health insurance premium is 18%, which often makes health insurance unaffordable. For a typical nuclear Indian family of two adults and two children a minimum cover of Rs 3–5 lakh sum insured calls for over Rs 2,000 as GST. Our request would be to waive of the 18% GST charged on the health insurance premium. That would surely make health insurance more affordable. It is the need of the hour to make sure that more Indians are covered adequately to hedge against the rising healthcare cost and disease incidences.

Tax exemption level: Getting covered is important but it is more important to get adequately covered. Insurers believe that enhancing the tax rebate under Section 80D from the current value of Rs 25,000 to Rs 50,000 can be a great move by the government in making health insurance an attractive financial tool. Change in the exemption level and consequent incentive to buy health insurance would be a major boost for the industry. The change not only is expected to make health insurance attractive but also would motivate insurer companies to enhance the overall awareness about the incentive of health insurance cover and the long-term benefits associated with the cover.

Overall, we see the next few years as the inflexion point for health insurance as a category in the country. Support from the government in making it more attractive and enhancing customer awareness about health insurance would surely accelerate the changes and help hedge against the spiralling growth of healthcare expenses and disease menace.

(The writer is Ravi Vishwanath.)

TOP

Source

Housing loans insurance has been launched: Sitharaman - Business Standard – 1st July 2019

The Insurance Regulatory and Development Authority of India (IRDAI) has informed that the public sector insurer -- LIC of India -- and a few of the private sector insurers have launched housing loans insurance, the Lok Sabha was informed on Monday.

In the written reply to a question, Union Minister of Finance and Corporate Affairs Nirmala Sitharaman said: "Insurers can charge single or regular premiums and issue policies to banks desirous of covering the risk of death on the lives of borrowers, who may have availed housing loans."

Regulation 35 (n) of IRDA (Non-linked insurance products) Regulations, 2013, protects the interests of housing loan customers who are members of group credit life schemes by providing to continue the cover till the end of the coverage period or opt for surrender value or cancel the policy with a return of certain percentage of premium on pro-rata basis.

TOP

Source

Moderate growth of non-life insurers – Financial Express – 1st July 2019

The general insurance industry reported moderate premium growth of 16% in May 2019 (15% YTD). Health reported high growth at 28%, largely from group and government business; retail health was up only 7% year-on-year (y-o-y). Motor was weak at 8%. Fire was up 61% y-o-y from higher volumes as well as tariff hikes. Strong business in fire and health segments boosted growth for Bajaj (26% y-o-y) and SBI Life (26% y-o-y) while ICICI Lombard was down 2% due to slowdown in crop. Motor own damage weak Motor insurance premium for the month was up 8% y-o-y, vs 1% in April 2019. This was driven by 11% growth in motor third-party (TP) premium.

Motor own damage (OD) segment reported 4% growth in premium, versus a 5% decline in April 2019 (flat in FY2019). While private players were up 13%, PSUs were down 12% y-o-y. Digit, Chola (up 27%), ICICI Lombard (up 17%), Reliance (up 24%, 15% YTD) and Universal Sampo (up 38%) were key drivers of growth in private sector, most of them benefitting from a lower base and increasing franchise with dealers. Bajaj Allianz (up 4%) and SBI General (down 15%) restrained business due to declining profitability in this segment.

Motor third-party better Growth in motor TP premium was somewhat better at 11% y-o-y. While PSUs were down 5%, private players were strong at 28% y-o-y, gaining market share by 750 bps to 55%. Bajaj Allianz was up 18% yoy, largely focusing on CV (38% of total motor premium). Higher growth in other players – Chola (29%), ICICI Lombard (20%) track their growth in the OD segment, reflecting comprehensive insurance plans. IRDA raised TP tariffs in the last week of May; the impact of the same will be reflected from June.

Group, govt business drive health Health insurance premiums were up 28% yoy, up from 16% in April 2019. Private sector was up 28% yoy and specialized health insurance companies were up 61% yoy. PSUs up 11% yoy lost 600 bps market share to 40%. Higher growth during the month was largely from two players viz. Birla (up 108% yoy) and Religare (215% yoy). Excluding these two players, overall health segment growth was 21% in May (15% in April) i.e. in line with FY2019. Birla has reported 71% growth in retail health and 176% growth in group health. Religare has delivered 34% growth in retail health, 30% growth in group health and reported large government business (NIL in May 2018) which has high driven its yoy growth.

Overall retail health premium was up just 7% yoy. Chola MS reported 5% decline in retail health after 80% growth in April; this is the segment it is focusing on in FY2020E and hence a decline during the month is surprising. As for ICICI Lombard, some of the B2C business was reclassified under B2B, resulting in an 80% decline in retail business and 111% growth in group health. SBI continued to grow aggressively and reported 165% growth in retail health (98% growth in FY2019, 230% in April 2019).

TOP

Source

Consolidation of PSU general insurers may require capital infusion of Rs 13,000 cr – Financial Express – 30th June 2019

The government may need to shell out close to Rs 13,000 crore to improve the financial health of public sector general insurers before initiating their consolidation, sources said. The government is exploring various consolidation options, including merger of state-owned general insurance companies with New India Assurance, with a view to create synergy and unlock value.

The Department of Investment and Public Asset Management (DIPAM), under the Ministry of Finance, is also looking at other options including stake sale in three state-owned insurance firms — National Insurance Company, Oriental Insurance Company and United India Insurance Company, sources said. The idea is to fast track stake sale in the public sector general insurance companies which has been pending since last year. However, sources said the government would require to infuse Rs 12,000-13,000 crore in the three companies to improve their solvency and prepare them for the merger.

The upcoming Budget could have provisions for the capital infusion, they added. The Centre, in Budget 2018-19, had announced that the three companies would be merged into a single insurance entity. The process of merger could not be completed due to various reasons, including poor financial health of these companies.

Two of these public sector companies are struggling to maintain their solvency ratio. As against the Insurance Regulatory and Development Authority's (IRDA) solvency ratio norm of 1.5, National Insurance has a solvency ratio of 1.5, while United India's level is comparatively lower at 1.21.

Solvency ratio is a key financial metric used to measure a company's ability to meet its debt obligations. The consolidation in the public sector general insurance companies is part of disinvestment strategy of the government. The Centra had appointed EY as a consultant to see through the completion of the merger process.

In 2017, New India Assurance Company and General Insurance Corporation of India were listed on the bourses and the exchequer earned money from the stake sale. The government has fixed a disinvestment target of Rs 90,000 crore for the current fiscal as against Rs 85,045 crore disinvestment receipts in the previous financial year.

TOP

Source

Get over health or life covers! Several other insurances that may come handy – Mint – 29th June 2019

Most of you may be familiar with health insurance and life insurance policies. But did you know you can get insurance cover against loss of cash? If you are planning a wedding, you get a cover for it too. However, remember that insurance cover is for protection – don't look at it as an investment. The purpose of an insurance cover is to protect you financially against unforeseen events. Here's a look at insurance covers other than health and life which can come handy.

Insurance against loss of cash

If you make cash transactions frequently, you may want to consider money insurance. Home insurance protects you against loss of money in the form of cash or coins when it is in your custody or while you are in transit from your bank. While the premise of home insurance plans is coverage against natural disasters, standalone money insurance plans may not cover you for a loss of cash due to floods, cyclones or other natural disasters, which may be otherwise covered in the home insurance plans.

Money insurance exclusions include loss owing to riots, unauthorised handling, theft from unsecured vehicle, and unsecured storage of cash. "Such covers come in handy more for businesses than households as the amounts are larger," said Kapil Mehta, founder, SecureNow.in. It also covers bank drafts, cheques and treasury notes.

Trek cover

The sum insured is up to ₹1.5 lakh including personal accident and adventure sports. Bajaj Finserv offers one-year cover for ₹699. The product has a feature that lets you block all your bank accounts and credit or debit cards with a phone call. At the time of loss, you can get hotel and travel assistance up to ₹1 lakh in India and ₹1.8 lakh abroad. You get insurance protection against personal accidents, accidental hospitalisation, bounced hotel bookings, trip cancellation, home burglary, and baggage loss up to ₹3 lakh. You can also get free replacement of your PAN card, along with other documents, if you lose it. The cover also provides replacement of a smart phone that you will have to return after the trip is over.

Pet insurance
You may want to take a look at this insurance product if you have pets at home. New India Assurance Co Ltd and Oriental Insurance Co Ltd offer pet insurance. According to Bankbazaar.com, New India Assurance offers insurance for dogs in the age group of eight weeks to eight years. The premium rate for this policy is 5% of the sum assured of your plan. You can also get covers for ducks, elephants, rabbits and inland fish. Oriental Insurance Co Ltd provides insurance policies too.

Some of the exclusions for this plan are partial and permanent disability of any nature, rabies, canine distemper and leptospirosis. "The premium can range anywhere between ₹200 and ₹10,000, depending on a number of factors," said Navin Chandani, chief business development officer at bankbazaar.com, an online market place for financial instruments.

Terror cover
By default, health plans do not cover terror activities. "But you can ask for an extension or additional cover on other plans such as property insurance and fire safety cover," said Mehta. The extension can be done at an extra cost of 5%, he added. International travel plans also cover terror attacks in international destinations only. For example, Religare Health Insurance, Reliance General Insurance and Royal Sundaram General Insurance include terror cover in travel insurance. Premiums in such plans are not separately charged as this risk is built into the plan. Connection to any terror activity and travelling to curfew-imposed places despite government advisory to tourists are excluded.

Wedding or event insurance
Did you know that you can also get your events, such as you wedding or your child's birthday party, insured?

Event insurance policies give financial protection on cancellation of such events owing to conditions such as unfavourable weather conditions, cancellation due to riots or wars, government interventions in the functions, cancellation due to conditions such as seepage, pollution or contamination and loss due to wear and tear or gradual deterioration of the property.

Companies such as ICICI Lombard General Insurance Co Ltd, Future Generali General Insurance Co Ltd and Pune-based NBFC Bajaj Finserv Ltd provide insurance cover for events.

(The writer is Revati Krishna.)

TOP

Source

HEALTH INSURANCE

Budget 2019: Healthcare sector expects hike in exemption limits for health checkup, medical reimbursement – Financial Express – 4th July 2019

With India's first woman Finance Minister Nirmala Sitharam is all set to deliver her first Budget 2019 speech, the healthcare sector has many expectations ranging from higher income tax exemption limits to GST relief to PMJAY for all and many more.

According to the sector, the important issues that need to get attention from the Finance Minister are:

- Greater provision for the National Rural Health Mission and National Urban Health Mission at least 50 thousand crores each.

- Promote Health Insurance penetration throughout the country through local post offices and Aadhar card centres.
- Direct tax benefits for capital expenditure, a 10-year tax holiday for hospital projects.
- Preventive Health Check-ups: Tax exemption on preventive health check-up should have been raised from the current Rs 5,000 to a maximum of Rs 20,000 under section 80D of the Act.
- Increasing the Tax Exemption on Medical Expenses: The current tax exemption limit of Rs 15,000 per annum towards reimbursement of medical expenditure by the employer is inadequate in comparison with the medical expenses incurred by the taxpayer and needed to be increased to at least Rs 50,000 per annum.
- **Exemption from Input Service Tax:** Clinical Establishments are indirectly being subject to levy of service tax for use of various services which in fact increase the cost of treatment of medical services. Scope of healthcare support services needs to be expanded to include pathological services, dermatology, infrastructure and logistics support, in order to reduce the input tax.
- **Tax Incentives:** (i) Should Extend the benefit of deduction under Section 35AD of the Act to a 50 bedded specialty centre which is focused on treatment of Non-communicable diseases ('NCDs'). (ii) The healthcare business by its very nature needs to make continuous investments to upgrade existing capabilities. It is imperative to provide for a tax incentive in terms of substantial expansion to upgrade existing capabilities in an existing hospital. The Minister should recommend that the deduction under section 35AD of the Act may be extended to provide benefits to hospital incurring substantial expansion.
- Tax Incentives for Specified Activities: Tax incentives should be provided for the following activities: (i) Digitisation: To boost the 'Digital India' initiative of the government, financial incentives/grants should be provided to institutions that are willing to move towards maintenance of Electronic Health Records (EHR) and Health IT Systems. Deduction of 250 per cent on investment made for the implementation of EHR should be extended.
- **Accreditation:** To incentivise hospitals and diagnostic laboratories to undergo accreditation, there should have been 100 per cent deduction on approved expenditure incurred for securing accreditation from National Accreditation Board for Hospitals and Healthcare Providers (NABH) and National Accreditation Board for Testing and Calibration of Laboratories (NABL) respectively.
- **Remote care:** Deduction of 250 per cent for approved expenditure incurred on operating technology enabled healthcare services like telemedicine, remote radiology etc should be allowed for improving accessibility, affordability & quality healthcare in remote areas.

The government should make health insurance coverage mandatory for all citizens in a phased manner initially covering the organised sector. Healthcare Infrastructure Upgradation Fund should be introduced apart from 'National Priority' status for healthcare sector.

In view of very low penetration of health insurance in the country, out-of-pocket spending for healthcare services is very high. For an effective management of population health universal health insurance would act as a powerful catalyst.

Starting with the organised sector, employees could be given the option of either paying their ESI contribution or purchasing insurance from any IRDA regulated insurance company. Scaling up PM-JAY to all citizens including middle and upper middle class needs to be done in the next phase.

Under the GST regime, healthcare services should continue to be exempt from taxes. Compared to developed nation, digital healthcare is the need of time in India. So, to make healthcare more affordable, high taxes levied on inputs such as consumables as well as on medical equipment (in the range of 12-18 per cent) need to be reduced.

(The writer is Dr Rajeev Boudhankar.)

Source

TOP

Government looking at enhancing, extending maternity benefits - The Economic Times – 4th July 2019

The government is looking to reimburse the cost of extended 14 weeks, from seven now, of maternity leave and also remove the salary cap of Rs 15,000 for eligibility under the scheme to benefit a wider women workforce and reduce the burden on employers. However, the enhanced cost of the extended maternity benefits may have to be partly supported by employer of the pregnant woman's husband.

The Maternity Benefits (Amendment) Act had extended the maternity leave from 12 weeks to 26 weeks. But it backfired and employers started discriminating against pregnant women following which the government committed to reimburse to the employer the cost of seven weeks out of the extended 14 weeks for women earning up to Rs 15,000.

"Efforts are on to see how we can improve on the earlier provisions to make the amended Maternity Benefit Act benefit both the employers and employees. We are looking at all the options including putting some liability on the employers of the fathers," a senior government official told ET on the condition of anonymity.

However, labour ministry will have to make fresh amendment to the Act to make it a parental policy as is prevalent in other countries. The proposal, if it goes through, is likely to cost an additional Rs 400 core to the government if it agrees to reimburse the cost for seven more weeks.

Currently, the government is using the corpus lying with the labour welfare cess fund to compensate the employers for the seven weeks of maternity leave out of the extended 14 weeks. The labour welfare cess fund stands at over Rs 30,000 crore. A woman has to work in an establishment for at least 80 days in the past 12 months to be eligible for maternity benefits. Payment during the leave period is based on the average daily wage for the period of actual absence.

"We are considering if it makes sense to reduce this to half so that more and more women come into the fold," the official quoted above said. Experts said that there's a need for increasing benefits for women to keep them within the workforce.

"There is a need for further looking at the Maternity Benefit Act. The government must do away with the existing wage ceiling of Rs 15,000 to ensure that benefits reach every one and the burden does not fall entirely on women employers," Rituparna Chkraborty, president of the Indian Staffing Federation, said.

Chakraborty believes that by capping the wages at Rs 15,000 for availing the subsidy, the government has virtually excluded a large number of women from its fold. The amendment to the Maternity Benefit Act, passed in March 2017 by the Parliament, raised the paid maternity leave to 26 weeks to benefit 1.8 million women workers in the organised sector.

However, this was followed by widespread reports on employers retrenching pregnant women employees and a significant drop in hiring of female workforce due to increase in financial burden on the employers.

The Maternity Benefit Act, 1961, protects the employment of women during their maternity leave and entitles them to benefits, including full pay. The act is applicable to all establishments employing 10 or more people such as factories, mines, plantations, shops and other entities, as may be notified by the central government.

(The writer is Yogima Sharma.)

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Source

More health funding key to wider insurance net – Mint – 4th July 2019

In its first term, the Bharatiya Janata Party (BJP)-led National Democratic Alliance (NDA) made healthcare its priority and launched a raft of initiatives, including its most ambitious effort, the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (PMJAY).

Ayushman Bharat has committed to provide health insurance of up to ₹5 lakh per family bringing within its scope a staggering 500 million people. The good news, based on the insurance claims so far, is that the scheme is gradually gaining acceptance. The bad news is that the finance minister will have to eke out the funds from within an already stretched Union budget.

“To reach the stated goal of 2.5% of gross domestic product (GDP) as public financing for health by 2025, up from the current 1%, Union budgets have to allocate more funds for health. As two-thirds of the funding comes from the states, the Union budget of 2019 should send a clear signal to the states by increasing central funding by 25% over the 2018 budget," said professor K. Srinath Reddy, president, Public Health Foundation of India.

Ayushman Bharat aims to provide free health cover of ₹5 lakh per family on a floater basis to more than 100 million families, which is about 40% of the population. Experts believe that even the non-poor need to be insured, given the rapid shift in the country’s disease burden towards non-communicable diseases such as cancer.

“Due to low penetration of health insurance in the country, out-of-pocket spending for healthcare services is very high. One major reason why health insurance has still not penetrated most of India is that it is optional. The weaker section has been covered through Ayushman Bharat and the government has taken significant efforts to implement it, but it needs to make health insurance coverage mandatory for all citizens in a phased manner, starting with the organized sector," said H. Sudarshan Ballal, president, Healthcare Federation of India (NATHEALTH), an industry body.

“Scaling up of Ayushman Bharat will ensure access to preventive and curative care of sufficient quality and will safeguard people from financial distress. To create a robust healthcare ecosystem, a priority sector status and budgetary provisions for universal health insurance would play a critical role," he said. As Ayushman Bharat’s net widens, the burden on the healthcare system is expected to grow. This will also require a strong primary care system. India at present faces a huge shortage of doctors.

“Thorough assessment and investigation at the primary or secondary care level can lead to significant saving of resources at the tertiary level. The government should facilitate continuous medical education to upgrade skills of paramedical staff, which can solve the problem of shortage of trained doctors," said Savitha Kuttan, founder and chief executive officer of Omnicuris, a health tech startup that provides digital medical training to medical practitioners.

The healthcare sector also faces the challenge of funding huge capital investments to set up hospitals, while the returns are low.

“Access to timely credit with priority status and creating a specific fund for healthcare infrastructure and innovation would ease availability of capital for the sector. These funds would encourage entrepreneurship and newer business models to improve access, availability and quality of healthcare, especially in tier 3 and 4 cities and rural areas. The government can consider providing the seed capital for such funds," Ballal said.

He suggested a pilot effort where employees from the organized sector could be given the option of paying their employees' state insurance (ESI) contribution or purchasing insurance from a regulated insurance company.

Representatives of the health industry also said they would expect the budget to focus on incentives for medical value tourism, and zero goods and services tax on healthcare services and health insurance premiums.

(The writer is Neetu Chandra Sharma.)

TOP

Source

7 tips on how to make health insurance claims successfully - Financial Express - 3rd July 2019

Pollution, sedentary lifestyle, and lack of nutritious meals has made the urban population vulnerable to diseases. From visiting a doctor for a routine check-up to undergoing a surgery, medical expenses have skyrocketed. In such a scenario, the thought of spending a week in a hospital is enough to send shivers down the spine of a common man. However, there is a ray of hope in the form of a health insurance policy.

Health insurance is not mandatory but it is gaining a lot of popularity thanks to rising medical costs. It offers financial support in case of medical conditions. Insurance companies charge a premium to insure you against medical conditions. You can raise a health insurance claim and the insurance company will honor your claim after conducting their basic inspection. Read ahead to know more about raising a successful health insurance claim.

Types of Claims
1. Cashless Claims
Insurance companies have tie-ups with a number of hospitals to manage claims. Collectively, they are known as network hospitals. If you are admitted in a hospital which is a part of the network hospital, the hospital and the insurance company settle your hospital bill amongst themselves. You might have to pay a nominal amount. Apart from that, your claim is cashless i.e. you do not have to pay the bill amount. Comparatively, this is quicker and convenient than reimbursement claims.

2. Reimbursement Claims
In case your hospital is not a part of your insurance company's cashless hospital network, you will have to opt for reimbursement claims. You will have to pay the hospital bill on your own and then get the amount reimbursed from your insurance company. Comparatively, this is a time-consuming process.

Raising A Claim
3. Transparency
You have to maintain complete transparency while purchasing a health insurance policy. You have to declare any existing medical conditions upfront. Fill the insurance application as well as insurance claim form accurately. Any information if found to be fabricated can mean you are engaging in insurance fraud and your claim shall not be approved.

4. Coverages
Every health insurance policy has certain coverages and exclusions. Different policies offer different coverages. Your claim shall be honored only if the medical issue is mentioned under coverages in your policy. The terms and conditions mentioned in the policy have to be met for a smooth claim settlement process.

5. Which One to Claim?
Those working in a corporate office might be covered under group health insurance. This insurance cover is offered by the employer for their employees. In some cases, it also extends to the employee's family members. This is usually a basic health insurance plan. People often choose an individual health insurance plan and use the office insurance policy as extra cushioning. While raising a claim it is beneficial to raise a claim first from the group policy and then consider your individual policy. This way, you will be in a better position to keep your individual health insurance policy's No Claim Bonus active.

6. Documentation
Whether you are filling an online insurance claim or an offline claim, you need to provide supporting documents along with the claim. These documents include medical bills (for reimbursement claims), your bank details for transfer of amount, etc.

7. Seek Help
You can initiate the health insurance claim by: sending an email to your insurance company, calling them to register the claim, visiting their website, or calling their executives. If you need any kind of assistance, you can get in touch with your insurance company on call or through social media and seek help regarding raising a claim.

Online Health Insurance
Nowadays, you can simply log on to your insurance company's website and purchase online health insurance. You can also raise a claim easily through the website. Make sure to renew your health insurance policy in a timely manner to keep your health insurance policy active.

(The writer is Biresh Giri.)

Source

TOP

MP to roll-out 'Maha-Ayushman' with a greater coverage - The Economic Times – 2nd July 2019

Dubbing it as 'Maha-Ayushman', MP health minister Tulsi Silawat announced that the coverage in the state would be Rs7.50 lakh, which is Rs2.5 lakh more than what is currently offered by Centre.

"The new scheme will be an improved version of Ayushman Bharat," said Silawat. According to sources, the 'right to health' policy is in the works and is expected to be announced by August 15.

The health insurance scheme in MP already provides free health care to an additional 34 lakh families, which are covered under its food security scheme. Centre's scheme did not include those under the food security scheme. It was limited to around 83 lakh poor and vulnerable families, identified as deprived rural families and occupational categories of urban workers' families as per the latest Socio-Economic Caste Census (SECC) data. Madhya Pradesh is also registering the Economically Weaker Sections (EWS) for health insurance.

Paying for health cover of more than 1.14 crore families will cost the exchequer over Rs 2,000 crore. Currently this is about Rs900 crore, which is the contribution of the state government under the insurance scheme.

State government will need more than t Rs1,500 crore more to implement the new scheme as it will have to pay the additional premium of Rs528 crore, which is now being paid by the Centre under the Ayushman Bharat scheme.

The leader of the Opposition, Gopal Bhargava, said: "The state government is cash-strapped and it is not clear from where will it raise the funds for the new scheme. It is yet another ploy by Congress government to misguide the public."

What to expect from Maha-Ayushman

- Government will have to pay premium worth crores upfront
- Trust model has been a non-starter. Medical college faculty pocket 20% cost of intervention for treating patients under Ayushman Bharat
- To cover all middle and upper income families for a nominal fee
- Hospitals will get the higher slab between Ayushman Bharat or state illness fund, whichever is applicable
- Free for below poverty line (BPL) families
- Under Ayushman Bharat, only 285 hospitals have been empaneled
- Ayushman Bharat has been registered as a society with a corpus of Rs650 crore from Centre and about Rs1,000 crore from state government

(The writer is Jamal Ayub.)

[**TOP**]

Source

NRIs must have health policy in India – DNA – 2nd July 2019

Quite often, people travel abroad for jobs or business and plan to reside there for a couple of years. While many decide to take citizenship of that particular nation, few don't plan to reside there permanently and seek a return back to India in a few years. Those planning to stay back in the country do not have to particularly worry about the healthcare expenses for their entire life as they can buy insurance cover in the country of permanent residence.

However, for those planning to come back to India post their retirement and at a later stage of life, it is important that they must buy health insurance in India as well while they are young and fit. A health insurance cover bought in the country where you travelled and stayed for work would only cover you till you are a resident of that particular nation. Once you come back to India forever, the insurance policy bought in the other country would not cover you.

Why buy health insurance in India

In India, surgeons perform daily state-of-the-art heart surgery on adults and children at a nominal cost. For the record, about 2% of that average heart surgery costs a lot in the developed countries such as the United States. And when it comes to the quality of healthcare, the outcomes are among the best in our country. Healthcare in India is at the crossroads with the government rolling out the biggest publicly funded healthcare plan in the world and clamping down on prices of medical devices, even as global investments are pouring into tertiary care. What the world could learn from medical innovations undertaken and how India achieves these impressive clinical results at such a low price.

If you spare some time and read the policy terms and conditions of almost all of the insurance policies in India, there is a clause on geographical restrictions, which says that the policy will only cover expenses for treatment in India. Hence, treatment out of India is not covered under the policy. So, for people who live out of India and undergo a surgery or hospitalisation in the country they reside in, the health insurance policy in India will not cover it.

However, a few insurers have started covering treatments outside India, although these are for selected illnesses only. For instance, Religare Care provides a "Care Anywhere" benefit that covers the treatment of selected illnesses only such as cancer, brain tumour, organ transplant etc.

Section 80D of the Income Tax Act deals with tax deduction on health insurance premium. It may be noted that an NRI can also claim in the same way as a resident, when it comes to tax deduction u/s 80D. Apart from the Rs 25,000 deductions for a policy for yourself, spouse and dependent children, you can also get a separate limit of Rs 25,000 (Rs 50,000 for senior citizen parents) towards your parents' health insurance if you are paying for it. A claim under Section 80D can decrease your overall tax liability if you have taxable income in India.

(The writer is Amit Chhabra.)

Source

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Senior Citizen Health Insurance: Planning to buy a health insurance policy for your parents? Here's what to look at – Financial Express – 1st July 2019

Should I opt for individual policies or a family floater health insurance plan for my parents? Most people in their late 20's and early 30's are faced with this question. This is the time most people think of buying health insurance policies for their parents, who do not have it already. Questions like this – should one opt for a specialized or a regular health plan for their parents – arises. Experts suggest these are valid questions and should be asked several times before buying a policy. More so because, given the number of options available in the market, it is not easy to pick a plan.

Given the sharp increase in medical costs, it imperative to opt for a health insurance plan as with old age comes several ailments that are expensive to treat and care for.

Various insurance companies offer health insurance for senior citizens, specifically for people who are aged 60-65 years and above. These health insurance plans are specially designed to offer financial aid for senior citizens and to take care of any medical expenses incurred by them. These health insurance plans for senior citizens/parents offer various special features like cashless hospitalization, pre-existing disease cover, critical illness cover, along with a higher sum assured.

If you are also planning to get one for your folks, here are a few things you must keep in mind before buying a policy for senior citizens:

Individual policy or family floater plan – Whether to opt for an individual policy or a family floater plan is one of the important questions while opting for a health insurance plan for your parents. Industry experts suggest it is better to opt for an individual policy as the severity of claims is different for the elderly.

For instance, with a family floater plan, you may end up paying a higher premium if you add your parents to your policy. As the premium for a family floater plan is based on the oldest family member in the policy, hence your premium will increase drastically. Some insurance providers also offer value-added services for senior citizens, such as Bajaj Allianz has a separate cell altogether that only caters to senior citizen customers.

Regular or specialized plan – Health insurance plans are to be bought at an early age or whenever you start working. Senior citizen health plans are specially made for those who did not buy an individual health insurance policy until they reached 60, or were only dependent on the employer's health insurance plan. As these plans are for the aged, senior citizen plans are comparatively restrictive in nature. For instance, most plans come with co-payments and sub-limits. Experts say, as a precaution, one should buy a regular health insurance policy early on in life, as it turns out to be cheaper as well as the waiting period of the policy also gets eliminated.

The difference in premium – The premium for health insurance policy increases as you grow old, which is why it's best to buy it at a young age. Industry experts say for a 55-year-old and 61-year-old man opting for a cover of Rs 5 lakh, the premium difference could be a whopping 40 per cent to 55 per cent. For example: for a Rs 5 lakh cover, the premium would be in the range of Rs 16,500 to Rs 18,000 for a 55-year-old and between Rs 27,500 and Rs 30,000 for a 61-year-old. Also, the insured must be aware of the rise in premium each year at the time of renewal of the policy.

Other points to check out for while buying a policy:

- Sum insured: Senior citizens should have sufficient cover to protect against rising medical inflation. Hence, they should have a cover with a minimum sum insured at least Rs. 5 lakh.
- Waiting period: For pre-existing diseases, senior citizen health insurance plans have a certain waiting period. This waiting period may range from one year to four years.
- Capping: Several plans come with disease-wise capping on claims for treatments such as angioplasty and cataract surgeries.
- Sub-limit/Copayment: Clauses like sub-limit and co-payment are included in health insurance plans. Before buying a policy check with your insurer how much are these limits. In the event of a claim, co-payment is the percentage of the cost which you need to share with the insurers, whereas, sub-limit is the limit up to which your insurer will pay for certain expenses, which include room rent, doctor's fees, among other things.
- Disclosure: It is highly recommended to ensure that at the time of taking a policy, there is complete disclosure from the policyholder's side.
- Premium: While availing an insurance policy, policyholder's must take into account the year-on-year growth in premium.

(The writer is Priyadarshini Maji.)

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Source

All That Is To Know About Cancer Insurance – Outlook – 1st July 2019

We all know that cancer has a high chance of cure if diagnosed early and treated appropriately. Only a handful of people bought cancer insurance plan to provide financial support at the time of unforeseen medical emergencies. The cost of cancer treatment is expensive. While buying cancer plan one must consider inflation to bear the cost of treatment and must opt for a minimum sum insured of Rs 15 lakh.

For an average Indian household, this is a huge expense and most families do not have funds readily available. They typically end up tapping into their savings or borrowing money to meet the treatment and peripheral expenses like travelling, post treatment care and more. In many cases, cancer can also lead to loss of income.

Subhrajit Mukhopadhyay, Chief and Appointed Actuary, Edelweiss Tokio Life Insurance, anticipated, "If an individual is only looking to cover the cost of cancer treatment, at least opt for Rs 15 lakh sum insured. However, this will suffice only today's cost of treatment. Most people buy this plan for longer duration as one can avail the cancer cover till age 80. So, if you adjust this cost with inflation of 5% over 20-25 years, the future cost of treatment can go up to Rs 40-50 lakh."

When it comes to choosing the sum insured always anticipate the cost of treatment and based on that pay the premium. For instance, a 30 year old non-smoker male can get cancer insurance plan for Rs 15 lakh sum insured for a premium amount of Rs 1,500-7,800. The maximum age coverage varies from insurer to insurer and few offer up to 51 years and 80 years of age respectively.

On the other hand, it is important to know what covers under the policy and available features. Features like covers all stages of cancer, compensation on every stage, premium waived for three years on diagnosis of minor stage, multiple unrelated cancers can be claimed, minor life covered, inbuilt term insurance cover and monthly income payable as recuperation benefit are few to mention. More features come with higher premium rate. However, the choice depends purely on insured according to the requirements.

Subhrajit said, “The chance of getting a cancer cover for a cancer survivor is very low. It depends on type of cancer, extent of the impact and how old the initial diagnosis and treatment was. A thorough underwriting process helps evaluate if a cancer cover can be provided in such instance. Every case is different and thereby the possibility of getting cancer cover for a cancer survivor depends from case to case.”

Take your time to understand the policy wordings as health insurance terms and conditions are quite tricky. Do not hesitate to ask and clear the doubts else you might not meet the expectations at all. With more than 100 type of cancer now prevalent, it is important to know what is covered under the plan. Most of the insurance offer covers lung cancer, breast cancer, ovarian cancer, stomach cancer, prostrate cancer, hypopharyngeal cancer and brain tumour.

(The writer is Nirmala Konjengbam.)

TOP

Source

Personal accident policy: when a slip need not be very expensive – The Hindu – 30th June 2019

Accidents happen despite the best of precautions. To safeguard yourself from the financial impact of accidents, there is a very versatile and reasonably priced policy you can buy. The Individual Personal Accident (PA) policy covers against accidents round-the-clock and around the world. The compensation is specifically for death or bodily injury caused directly and solely by an accident.

It is a benefit policy, which means that it pays you a lump sum linked to the Sum Insured (SI) without reference to any expenses you may incur. All Indian general insurance and health insurance companies offer this policy under various brand names with SI options as low as ₹25,000 going up to ₹10 crore in some policies.

Maximum SI

The maximum SI is a multiple of the income of the insured person. PA policies can be bought for family members too and multiple year policies are available.

An annual policy for a 40 year-old male with ₹10 lakh SI will cost ₹450 for a death only cover, ₹650 for death and permanent total disablement and ₹950 for including permanent partial disablement as well. Death due to accident is the main cover and the entire SI can be claimed for it. Permanent total disablement, defined clearly under the policy, also lays claim to a similar compensation.This envisages situations like loss of two limbs or loss of both eyes. After this claim, the policy can be renewed. Permanent partial disablement, meaning loss of a limb or an eye and so on has a graded compensation structure, also well laid out in the policy. Any balance SI after such a claim is available for the rest of the policy year and the policy is renewable.

A ₹10 lakh policy for a 40-year-old male will cost ₹450 for death only cover, ₹650 for death and permanent total disablement and ₹950 for including permanent, partial disablement as well. This brings us to the different types of claims under the policy. Death due to accident is the main cover and the entire SI is available as the claim amount for it. Permanent total disablement, defined clearly under the policy also lays claim to a similar compensation. This envisages situations like loss of two limbs or loss of both eyes. Permanent partial disablement, meaning loss of a limb or an eye and so on has a graded compensation structure, also well laid out in the policy.

Apart from these, temporary partial disablement, like fractures, which prevent the insured from attending to his work or profession is also covered. In this case, a weekly disability benefit which is a percentage of the SI is given for the time of such disablement or a specified number of weeks, usually 1% of SI for a maximum of 100 weeks. The premium rate will take into account the risk level of your profession. Broadly, they are administrative work and physical work (but not hazardous/ manual labour). Exclusions define most insurance covers! If death or injury is sustained involving the following, the PA policy won't cover it:

- Self-inflicted injury, suicide or attempted suicide, abuse of intoxicants or hallucinogens including drugs and alcohol.
- Participating in any criminal enterprise.
- Engaging in adventure sport. (Optional covers are available for this).
- Participation or involvement in naval, military or air-force operations.
- War or any act of war and similar situations.
- Pregnancy or childbirth or its complications
- HIV/AIDS, sexually transmitted diseases.

There are a host of additional covers and benefits that can be purchased under PA policies on offer by different companies. They include:

Transportation of mortal remains, funeral costs, emergency road and air ambulance charges, cost of prosthetics and even modification of home/ vehicle for disablements, children's education benefit due to disability of insured, cost of pet care and elder care and even taking care of your loan repayment instalments during the disability period. You can buy a PA policy while purchasing an air ticket. Costing about ₹150 to ₹200, this is usually a single voyage cover that lasts until the insured returns to the point of origin of the journey or until the end of that calendar month, whichever is earlier. A simple comparison of the premium cost to benefits will show you that an annual policy is a better option.

There are group PA policies as well, where the premium rate is way lower than individual policies. They can be with credit cards, savings bank accounts or corporate policies for staff. One of the largest such group policies is Pradhan Mantri Suraksha Bima Yojana, which is part of Pradhan Mantri Jan Dhan Yojana. The power of group policies is apparent here as a cover of ₹2 lakh for death and disability has an annual premium of just ₹12. If you haven't opted for it yet, you should do so now!

(The writer is K. Nitya Kalyani.)

Source

TOP

MOTOR INSURANCE

How new vehicle owners can buy, renew 1-year own damage cover with long term third-party insurance – The Economic Times- 3rd July 2019

Last year, the Insurance Regulatory and Development Authority of India (IRDAI) allowed insurers to come up with three types of motor insurance plans. These were bundled insurance, standalone long-term third-party policy and long-term comprehensive insurance plan. However, IRDAI did not make it clear on how one could renew these policies in coming years.

Now, from September 1, 2019, IRDAI has left it up to the discretion of insurers to come up with stand-alone annual own damage policy (including stand-alone own damage policy for fire and/or theft) for cars and two-wheelers, both new and old.

What is standalone own damage policy?

Normally, own damage (OD) policy cover is a part of your standard motor insurance policy. What this means is that the policy will have both OD and third-party covers. Earlier, only a third-party insurance policy was available separately, not an OD policy. The OD policy could only be bought in combination with a third-party cover.

However, with the new guidelines issued by IRDAI, one will now get the flexibility to buy these two insurance covers separately, either from the same insurer or from different insurers. In such a scenario, an OD policy will be termed as 'Standalone Own Damage policy'.

Sajja Praveen Chowdary, Head- Motor Insurance, Policybazaar.com says that the own damage component covers any damage caused to your vehicle occurring due to an accident or due to any natural calamity whereas the third-party cover covers liability for injuries and damages to others for which you are responsible. "Thus, it is important for you to cover loss or damages to the vehicle as well as liabilities for injury to a third-party by opting for standard motor insurance," he added.

Important things to know about standalone own damage policy

- According to IRDAI guidelines, insurers are not permitted to offer long-term stand-alone own damage policy, i.e., 3-year stand-alone OD plan for cars and 5-year stand-alone OD policy for two-wheelers. Therefore, you can renew the standalone own damage policy with the existing insurer or different insurer only on an annual basis.
- Standalone OD policy can be offered to you by an insurer only if you already have a motor third-party cover or take it simultaneously.
- One of the conditions of selling/purchasing a standalone OD cover is that the name of the insurer, policy number and the start date and end date of the third-party policy that you already have/is being bought simultaneously has to be indicated in the Own Damage policy document.
- The pricing of a stand-alone own damage policy will remain the same as it is for the OD component of an existing standard motor insurance policy.
- Last year after the introduction of the long-term motor third-party insurance for new cars and two-wheelers, an insured could buy only long-term third-party insurance, a long-term insurance policy offering both third-party cover and own damage cover for 3-years or 5-years. Or, a bundled cover with a 3- or 5-year term (as applicable) for the third-party cover and a 1-year term for the OD cover. Hence, after the completion of year from September 1, 2019, here is how new vehicle owners can renew their policies.

1. A standalone long-term third-party insurance policy

Usually, third-party vehicle insurance, which is compulsory for all vehicle owners in India, is issued for one-year. Last year, IRDAI allowed insurer to come up with 3-year third-party insurance for cars and 5-year third-party insurance for two wheelers. This type of policy is termed as standalone long-term third-party insurance policy.

How to buy/renew the policy

People who bought only long-term third-party motor insurance without OD cover can now buy own damage cover if they want to. As third-party cover is compulsory and own damage cover is not, there may be some vehicle owners who opted to buy only standalone long-term third-party insurance policy last year and did not buy the OD component. Such people will not have to renew their third-party insurance for the next two years.

However, according to new IRDAI guidelines, they will now get an option from insurers to avail standalone OD policy starting from September 1, 2019. They have the flexibility to buy standalone OD policy from any insurer they would like to; it is not compulsory to buy it from the same insurer.

Animesh Das, Head of Product Strategy, ACKO General Insurance said that new cars or two-wheeler owners (vehicle bought on after September 1, 2018) need to take long-term third-party cover for 3-years for car and 5-years for bike mandatorily. "You can now buy standalone Own Damage policy from the same or other insurer over and above third-party cover," he said. Therefore, those who have a long term third-party only cover can now buy and add the OD cover in the second or third year as well.

A bundled cover with a 3-year or 5-year term (as applicable) for the third-party cover and a 1-year term for OD cover.

With effect from September 1, 2018, those buying new vehicles had the option of buying a bundled cover for three years for the third-party cover and a 1-year term for the own damage cover for cars. Similarly, a bundled cover with 5-year term for the third-party cover and a 1-year term for OD cover is available for two-wheelers.

How such people can renew the policy

If you have purchased the above-mentioned type of cover last year, you can renew the own damage component from the same or different insurer. Obviously, the third- party 3-year or 5-year (as applicable) cover does not need to be renewed till the end of 3 or 5 years. Chowdary said that as per the new guidelines from the regulator, one can now renew their policy easily (the own damage component) from any of the general insurance companies. The new premium amounts will be available from September 1, 2019, giving customers the choice to buy the own damage only policy from a different insurer.

"You can go online, compare the prices of premium offered by different insurers and then, choose the best suitable option," he said. Also, if you don't want to renew the standalone OD policy, then your third-party insurance will remain in force till the end of the 3-year term.

A long-term comprehensive insurance policy

A long-term comprehensive policy is applicable only for new cars and two-wheelers (vehicle bought on or after September 1, 2018). It provides 3-year comprehensive covers for cars & 5-year comprehensive covers for two-wheelers. The comprehensive cover includes both vehicle OD policy and third-party insurance. Thus, apart from third-party liability cover, this type of policy covers the damage to the vehicle due to accident, calamities, fire and theft.

When to renew the policy

Those who opted for this policy last year or have bought the policy this year, don't have to renew the policy for the next two years. Moreover, at the time of renewal, they can buy the same product or any of the products mentioned above.

How should vehicle owners renew policy who bought before September 1, 2018?

The existing vehicle owners who bought insurance before September 1, 2018 and whose date of policy renewal is nearby, they can continue with their existing renewal process. They can renew their policy by either buying 1-year comprehensive cover, that includes both OD and third-party covers, or buy only 1-year third-party insurance for their vehicle.

Chowdary said that an existing policyholder who bought their vehicle before September 1, 2018 can renew their policy in the existing manner. "It means you can buy single policy with 1-year third-party cover which may include 1-year Own Damage policy. This process will remain the same for old car/two-wheeler owners every year. Also, in such case you cannot switch to new insurance products launched last year," he said.

Das said, "Suppose, if you have purchased a vehicle along with 1-year comprehensive policy on August 1, 2018, and your insurance is up for renewal, then you can only buy a 1-year policy. You cannot switch or buy any of the long-term insurance policies because these policies are only applicable to new vehicle buyers."

(The writer is Navneet Dubey.)

Source

[TOP]

Car damaged in Mumbai floods? Add-on covers can help – DNA – 3rd July 2019

It is that part of the year when Indians anticipate the monsoon downpour as temperatures soar. While the pouring rain does much to relieve from the summer temperature, your cars need extra care against the risk of flooding and waterlogging due to the rainwater getting clogged on the streets and in drains. Many people argue that they have a comprehensive car insurance plan in place to tackle the moisture seeping into your car or the water leaking into your car engine. However, this is not true.

Adding protection through add-on riders
Buying a comprehensive car insurance cover means that you can file claims against damage caused to any part of the car. This can include damage to the windshields of your car due to hailstorms or your seats getting damaged due to water seeping in due to imperfect sealing of your car's doors and windows. But, rising water levels due to clogged drains could adversely affect your car's engine. You may have to get the entire engine circuit replaced, which involves considerable expenditure.

Since a comprehensive car insurance cover does not cover damage caused to engines or pay for engine replacement, it is advisable to opt for an Engine Protection Cover. Subramanyam Brahmajosyula, head - underwriting & reinsurance, SBI General Insurance says, “Under a standard motor insurance policy, loss or damage to the engine is covered only if it is directly arising out of an accident.

In other words, where the engine is damaged due to water ingress when the vehicle is submerged due to floods, etc, is not covered. In such a cenario, engine protect cover, which is offered as an add-on at a nominal cost, can come to your rescue. This add-on will provide cover for repair or replacement of your vehicle's engine or engine parts due to contingencies like water ingression, leakage of lubricating oil, etc.”

To avail the engine protection cover, customers have to pay an added amount equivalent to 0.5-2.5% of the Insured Declared Value (IDV) of the car. This amount is way lesser than what one pays for engine replacement or new engine installation.

DRIVE IN PEACE
Add on cover for engine will cover or replacement of your engine or engine parts damaged due to contingencies like water ingression, leakage of lubricating oil, etc Insurance company is liable to send help and ensure that the car is taken to the nearest network garage under roadside assistance For any additional or temporary installation of devices, the policyholder has to inform the insurer to make suitable endorsement and pay an additional premium

Roadside assistance cover helps
Sudden engine damage while driving on flooded roads means that you may be left stranded in the middle of nowhere. Having invested in a roadside assistance cover means that your insurance company is liable to send help and ensure that the car is taken to the nearest network garage. The hassle of having to arrange for your car transportation to the choice of your garage gets much alleviated with your insurer

taking over the responsibility at nominal addition to your basic premium charges which is 0.5-2% of your car's IDV.

Temporary installations damage

Luxury fittings and additions to your car's interiors for comfort are common. However, flooded streets may mean water seeping into your car and damaging its interiors. R Kannan, executive director, IFFCO Tokio General Insurance, however, maintains that seeking reimbursement for damage by monsoon does not involve much of a hassle. Kannan says, “For any additional or temporary installation of devices, the policyholder has to inform the insurer to make a suitable endorsement and pay an additional premium, if any, towards the coverage of such installations or accessories. If there are no valid endorsements for such additional installations, then the claim will not be admissible. The own damage cover of a motor insurance policy protects only the factory fitted or in-built installations of a car such as audio system and upholstery for any damage.”

Car insurance riders that can help

Depending on your requirements, past experience and budget, you may choose to add or drop car insurance riders during purchase or renewal. Rakesh Jain, ED & CEO, Reliance General Insurance, says, “During monsoon, the biggest risk for a car is from waterlogging. It is wiser to opt for engine and gearbox protector cover for engine and electronic circuit in the car from waterlogging. Similarly, EMI protection insurance if taken can also pay for the loan as the repair period for such damages are quite long.”

Ensuring complete recovery

In the event of the car getting damaged entirely and rendered unfit for use, the policyholder may claim to the extent of the IDV of the car. However, this means that you lose out on the entire value of your car or the amount you had spent to carry out the necessary repairs and installations. Damage due to monsoons and resulting claim settlements may have an adverse effect on your car's IDV. Gurdeep Singh Batra, head – retail underwriting, Bajaj Allianz General Insurance, says, “Probability of a vehicle meeting with a total loss/constructive total loss is higher in the monsoon as instances of flood losses have gone up nowadays. Return to invoice (RTI) is triggered when a vehicle meets with an accident and qualifies for total loss and theft. RTI covers available in the market typically takes care of the ex-showroom price of the vehicle.”

(The writer is Abeer Ray.)

Source

TOP

Vehicle third party insurance premium hiked for FY2019-20: Here is how much more you have to pay – Financial Express – 2nd July 2019

The Insurance Regulatory and Development Authority of India has updated the Motor Third-Party premium rates. The new rates for private four-wheelers and two-wheelers have been marginally increased in almost all vehicle classes compared to the previous financial year.

For private cars (four-wheelers) the IRDAI has issued the revised rates that state that Not exceeding 1000 cc will now have to pay Rs 2,072 which has been increased from Rs 1,850 last year. For vehicles exceeding 1000 cc but not exceeding 1500 cc, the previous insurance premium of Rs 2,863 has been revised to Rs 3,221. However, for any vehicle that exceeds 1,500cc engine capacity, the third party insurance premium remains unchanged at Rs 7,890.

The same has applied to two-wheelers as for vehicles not exceeding 75cc has been hiked from Rs 427 to Rs 482. For vehicles above 75cc but not exceeding 150cc earlier would have a third party insurance premium of Rs 720 after the hike now stands at Rs 752. Motorcycles which exceed the 150cc engine capacity but fall below 350cc earlier stood at Rs 985 has now been increased to Rs 1,193. Any motorcycle over the 350cc engine capacity slab will continue to have a third-party insurance premium of Rs 2,323.

financialexpress.com

PRIVATE CARS

VEHICLE CATEGORY	MOTOR TP PREMIUM RATES (RS.)	
	2018-2019	2019-2020
Not exceeding 1000 cc	1,850	2,072
Exceeding 1000 cc but not exceeding 1500 cc	2,863	3,221
Exceeding 1500 cc	7,890	7,890

In July 2018, the IRDAI directed all General insurers to issue mandatory Long-Term Motor Third Party insurance covers for all privately owned cars and two-wheelers with effect from 1st September 2018. For new cars, it is now mandatory to have been issued with a three-year policy, while a five-year policy has been set for new two-wheelers. The Union Minister of Finance & Corporate Affairs, Nirmala Sitharaman along with this notification also mentioned that in respect of new cars and new two-wheelers, there is no change in the aforesaid long-term Motor Third-Party premium rates in the 2019-20 financial year as compared to the 2018-19 financial year.

financialexpress.com

TWO WHEELERS

VEHICLE CATEGORY	MOTOR TP PREMIUM RATES (RS.)	
	2018-2019	2019-2020
Not exceeding 75 cc	427	482
Exceeding 75 cc but not exceeding 150 cc	720	752
Exceeding 150 cc but not exceeding 350 cc	985	1,193
Exceeding 350 cc	2,323	2,323

(The writer is Rahul Kapoor.)

TOP

Source

CROP INSURANCE

West Bengal launches free crop insurance scheme for farmers - The Economic Times – 28th June 2019

West Bengal government has announced a crop insurance scheme in collaboration with the Agriculture Insurance Company of India (AIC), for the 2019 kharif season.

The scheme called Bangla Shashya Bima (BSB) is applicable for farmers in 15 districts - Darjeeling, Kalimpong, Purba Bardhaman, Paschim Bardhaman, Purba Medinipur, Malda, Hooghly, Nadia, Murshidabad, Cooch Behar, Birbhum, Purulia, Dakshin Dinajpur, North 24 Parganas and South 24 Parganas.

The crop insurance scheme would be free of cost for the farmers since the government will pay the full premium. The crops that will come under insurance are aman paddy, aus paddy, jute and maize.

All farmers taking loans (granted or applied for) and even those not taking loans can avail of the insurance. The insurance will be paid in four stages - for any losses suffered during planting, during cultivation, during the period post-cutting when crops are lying in the field, and for adverse weather situations. The amount will be decided by the state government and will be calculated per hectare.

(The writer is Sutanuka Ghosal.)

TOP

Source

INSURANCE CASES

Farmer sues insurer & bank, to get Rs 2.6 lakh for failed pomegranate crop – The Times of India – 5th July 2019

His pomegranate crop failed him, so did his insurer. But not one to take things lying down, the Challakere farmer dragged SBI General Insurance and Corporation Bank to a Chitradurga consumer court and got his much-deserved insurance money apart from compensation — over Rs 2.6 lakh — for the mental agony he had suffered. Rudramuni Reddy, who owns over 16 acres of agricultural land in Katanadevarakote village of Challakere taluk in Chitradurga district, planned fruit farming last year and converted six acres into a pomegranate orchard.

Unfortunately, rain failed and farmers, including Reddy, suffered huge losses as standing crops in the region perished. Reddy decided to make ends meet by collecting his crop insurance amount worth over Rs 2 lakh. He had earlier taken an SBI General Insurance cover online for his pomegranate crop by paying Rs 15,350 through Corporation Bank, where he held a savings account for six years. But much to his dismay, SBI General Insurance and Corporation Bank authorities evaded his request for a payoff over the damaged crop. According to the crop insurance clause, Reddy was eligible for 80% of the insured amount on failure of rainfall or if any natural calamity damaged his yield. He visited the insurer and bank offices numerous times only to be shown the door.

Neighbouring farmland owner was granted amount. Suddenly, Reddy realised his neighbouring farmland owner who also suffered losses was granted the insurance amount under the same SBI General Insurance scheme. The enraged farmer questioned the bank and insurance staffers once again but no to avail.

Finally, a dejected Reddy approached the district consumer disputes redressal forum in Chitradurga on March 1 and lodged a complaint against the branch manager of SBI General Insurance Company Ltd in Seshadripuram and officials of Corporation Bank, Challakere.

Act of negligence

Judges of Chitradurga consumer forum examined the case but SBI General Insurance and Corporation Bank officials failed to appear and submit their version. In a swift verdict delivered on May 9, 2019, the judges slammed Bengaluru officials of SBI General Insurance by stating that not granting the farmer his rightful insurance money after his crop failed was an act of negligence and disregard of duty.

The forum ordered SBI to pay Rs 2,45,600 lakh with 9% interest to the farmer for the failed crop. Corporation Bank was held responsible for causing him mental agony and was ordered to pay Rs 10,000 as compensation and an additional Rs 5,000 towards court expenses.

(The writer is Petlee Peter.)

TOP

Source

Claim not payable if insurance premium cheque bounces - The Times of India – 1st July 2019

Sagir Alam insured his Santro car with HDFC Ergo under a comprehensive policy. He sought to renew coverage for Rs.2.8 lakh by issuing a cheque that was dated August 16, 2006 for Rs 8,974 towards renewal premium. He was issued a cover note insuring the vehicle.

Around 10 months later, he met with an accident at Hamirpur village. The vehicle got completely damaged and Hamirpur village. The vehicle got completely damaged and Sagir was injured. An FIR was filed and he made a claim under the policy. At HDFC Ergo's request, he deposited Rs 5,612 with Natasha Automobile for an estimate. Later, HDFC Ergo refused to settle the claim as it had sent an intimation on

September 9, 2006, informing him that the policy stood cancelled since inception due to non-realization of the premium as the cheque was dishonored.

HDFC Ergo showed him the Speed Post receipt and acknowledgement intimating him about the cheque. Sagir said the documents were fake and he had a sufficient bank balance.

He filed a complaint before the district forum, where the firm iterated its stand. The forum held the claim to be payable as charges for estimate had been deposited at the insurance firm's behest. But as the premium had not been realized, it ordered the claim to be settled after deducting the premium.

Both parties appealed to UP state commission which upheld the insurer's contention.

Sagir then filed a revision before National Commission, which considered provisions of Indian Contract Act, as interpreted by Supreme Court in National Insurance Co Ltd vs Seema Malhotra & Others case. The National Commission noted that a person who tenders a cheque gives a promise that it will yield payment on presentation, and a reciprocal by the insurer to grant insurance coverage. Hence, when the cheque was dishonoured, the insurer was absolved of liability, it said. Thus, he had no right to seek performance of the contract by the insurer. Also, an agreement without consideration was void under section 25 of Contract Act.

C Viswanath from National Commission concluded on June 28, 2019, that even if payment was made, the insurance firm would be entitled to recover it later, on realizing the cheque was not realized. If the premium was subsequently paid, the policy would stand revived from when the fresh payment was made. The commission upheld repudiation of the claim.

(The writer is Jehangir B Gai.)

Source

TOP

SURVEY & REPORTS

Economic Survey 2019: Health insurance plans need to be simplified to incentivise people to buy - The Economic Times – 4th July 2019

The Economic Survey 2019 says that health insurance plans need to be simplified to make it easier for individuals to buy them.

The survey says that there is asymmetrical information such as high variability of health care expenditures which often leads people to making health-related decisions which are not in their best interests. These harmful decisions range from not buying health insurance or engaging behaviour such as smoking and drug abuse.

To change such behaviour, the Economic Survey has suggested the following seven behavioural tools.

1. Leverage default rules
Giving individuals default flu shot appointment time can increase influenza vaccination rates.
Providing smart insurance plan defaults can significantly simplify health insurance choice.

2. Make it easy to choose
Asking consumers the factors that are most important to them while choosing a health insurance plan and restricting the plan to these factors can make decision making easier and can in turn increase the number of people buying health insurance.

Minor behavioural alterations in school and college canteen menus (giving interesting names to healthy options, putting them near the cash counter, making the process of buying unhealthy options more time taking) can increase uptake of nutritious food.

3. Emphasize social norms
Adolescents often overestimate how much alcohol or drugs their peers take making heavier consumption to be perceived as a socially desirable behaviour. Campaigns focusing on number of people who don't drink or take drugs may be more effective.

Youth may be more responsive to a drug prevention program after the death of a celebrity from drug overdose.

Giving out messages in information campaigns such as "90 per cent of doctors agree that vaccines are safe" can significantly reduce public concern about childhood vaccine, establish the social norm that vaccinations are safe and enhance vaccination.

Presenting information on how many people in the neighbourhood have chosen to take up the health insurance plan and the benefits it has offered to families with similar disease in that area can increase enrolment rates.

4. Disclose outcomes
Disclosing to people about the realised benefits of hand-washing and, or family planning practices experienced by other people in their community, can enable them to take up these health practices.

5. Reinforce repeatedly
Sending messages to patients that asked the patient to write down the day and time they planned to get their next vaccination can boost uptake of vaccines.

Doctors asking patients coming to hospitals for a signed pledge or a verbal commitment, preferably in the presence of someone the signee respects, called "accountability partner" to take up Yoga and walks can encourage such healthy lifestyle practices. A monthly appreciation (joint coupon rewards) for following the pledge, after being certified by the "accountability partner", can sustain such behaviour.

Many people suffering from critical diseases do not take their medicines regularly. Use of simple text messages and pill bottles that light up if not opened at the right time can increase drug adherence. Delivering an appreciation certificate at the end of the month for following their prescription schedule can sustain adherence.

6. Leverage loss aversion
People often find it difficult to achieve goals like weight loss or ceasing to smoke. People voluntarily made to post bonds (deposit contracts) or lottery tickets on a website that will be returned to them if they achieve their goals, but are forfeited otherwise, can help them achieve these difficult goals.

7. Make messages match mental models
Control of diarrhoea suffers from a flawed mental model: the perception that the solution is to decrease the child's fluid intake and to keep the child 'dry', implying less use of Oral Rehydration Solution. Information campaigns on adoption of ORS can overturn this flawed mental model.

Message boards in public hospitals and medical advertisements on media must emphasize gains from smoke cessation and breastfeeding to foster preventive action. Similarly, messages for sexually transmitted diseases and breast cancer must focus on the loss to deter and encourage early diagnosis respectively.

The Mother's Absolute Affection (MAA) Programme campaign leverages role of influencers (the relationship between mother-in-law and the daughter-in-law) and the idea of commitment devices ("Vaada" i.e., promise) to reinforce the idea of breastfeeding the child within one hour of birth. Cultural tailoring of health messages in this area can nudge them to adopt breastfeeding.

Making sure than Indians have a good health plan in place has become all the more important as the Economic Survey has stated that life expectancy is set to go up and the retirement age could also go up. Added to this, India has a problem of under-insurance and there is a lack of awareness about insurance.

According to Times of India report, a survey has find that India still buys insurance for "tax-saving" and "investment". The report further says that India has remained under-insured and the awareness around insurance has been left even further behind. However, the country is slowly recognising that insurance means protection.

(The writer is Preeti Motiani.)

TOP

Source

Digital adoption can change the face of Indian insurance sector – Here is why – CNBC – 3rd July 2019

Insurance is an industry that is ripe for a technological overhaul. Now that the government has allowed 49 percent foreign direct investment (FDI) in this sector, insurers can go ahead and expand and innovate. To a certain extent this has already begun with the use of chatbots, artificial intelligence and robotic process automation. Insurers who have been in business for 10 years can now raise funds via initial public offerings (IPO).

This will help make it much easier to break the usual barriers of low product awareness level, knowledge access, limited customer touchpoints, availability of service and payments. A PricewaterhouseCoopers (PwC) report states that 'by maintaining transparency in product features, cost and services, and digital channels are levelling the playing field."

As per the survey findings, customers can be classified into three different types based on their buying behaviour, attitude and expectations. As customers evolve and all the world's goods and services are now being made available online, old marketing and communication strategies are not going to help with customer acquisition and retention. Interaction points will be needed instead of just one-way communication channels. Below are three customer types:

Traditional customers are people who like the conventional approach, prefer a human touch to the inanimate one, and are apprehensive of digital modes of buying insurance. For them, trust is more important than cost and they appreciate highly responsive insurers who prioritise their interest. Rational customers are those who make decisions based on what brings value for their money. So they are price conscious, prefer human interaction but are willing to move to digital transaction methods.

Lastly, digital natives are those who recently have got jobs and they are the ones who are most comfortable with technology and demand flexibility. They are most open to innovation in the way insurance is provided to them but without T&Cs being too tedious to read and complex to understand. They want a simple benefits structure explained in a lucid manner. Not dense text in tiny font.

Right now web aggregators like Policy Bazaar make it easy for people to look at multiple options from various insurers. After a regulation was passed in 2013, the number of registered web aggregators increased from 11 in 2013 to 21 in March 2017. On these sites, while comparisons between products are made on pricing, it's recommended that they do so on the basis of benefits, behaviour of the customers, and suitability of the products. In one word: Personalised products.

But going digital is not a question of when but how soon can insurers be ready to deal with the generation that is their future customer, who will show up in the next 10-20 years. As it is customers are expecting this, and boundaries between industries are blurring. Hence an extended ecosystem of inter-connected products that cover all aspects of a person's life is what is going to come along. Insurers will also provide other services apart from their core products, like financial planning and health monitoring.

All of this will help the insurance industry scale up in India because at the moment, insurance penetration, (measured as the ratio of insurance premium paid and GDP of the country), has increased from 2.71 percent in 2001 to 3.69 percent in 2017 in India. We are behind the rest of the world (6.13 percent) and even among emerging Asian economies (5.62 percent).

Currently, according to PwC's survey, 55 percent of people are still old school and prefer face-to-face interaction when buying insurance and only about 4 percent would buy online. However, for feedback, 47 percent prefer digital sources for their information, 27 percent from word-of-mouth, 22 percent from agents and 20 percent from aggregators. For communication channels, 49 percent prefer digital methods, 32 percent prefer agents and 18 percent prefer emails. Smartphone apps don't rate highly because they are too nascent and adoption hasn't spread because they are not simple to use and also due to lack of awareness.

Social media is useful as 44 percent of customers choose insurance after seeking the opinions of others. To make informed decisions, 67 percent of customers prefer to leverage aggregators/online platforms. To overcome digital phobia, a big step in that direction would be to make policies easy to understand, paperwork simple to deal with and transparency, so that irrelevant products are not pushed on to people. Simplifying the process by making product documents and videos available in local languages will help. Insurers still have a long way to go, to use technology that people can feel comfortable with.

As of now, the chatbots I've chatted with will only send about three programmed responses to a query, which don't always address my concerns, and I still feel the need to have a human being to deal with my problem, rather than a robot which doesn't understand nuances. Other barriers are burden of the legacy system, interoperability, earning return on investment, consumer adoption, data privacy and security concerns, and disruption of the existing business model.

As for data sources, insurers will be spoilt for choice, as IoT, wearables, geographic information systems, location and object sensors will provide a mine of information. That's a lot of data to clean, understand, analyse, strategise and make compliant. Right now, artificial intelligence is being 'used to automate repetitive tasks to reproduce known answers", according to the PwC report 'Competing in a New Age of Insurance: How India is Adopting Emerging Technologies'.

As Joydeep K Roy, Partner and Leader, Insurance and Allied Businesses at PwC stated, "Finally, merely adopting technology and automating processes will not eliminate inefficiencies. New technology gives rise to new capabilities and processes should be redesigned accordingly to reduce wastage and delight customers. A change in approach is needed whereby technology is viewed as a fundamental business tool rather than an operational and process tool."

(The writer is Manali Rohinesh.)

Source

TOP

Policyholders still want to buy insurance physically, reveals study - Business Standard – 29th June 2019

Despite best efforts by life insurance companies to encourage people to buy insurance policies online, various surveys reveal that they overwhelmingly prefer the physical mode of buying the products over others.

This is because life insurance has traditionally been a sector with high human engagement and intervention. The physical mode typically comprises agents, brokers, branches of insurance companies, and the bancassurance channel.

As per PwC India's Insurance Technology Adoption Survey 2019, 55 per cent of respondents mentioned that they continue to prefer buying insurance from agents and brokers.

Moreover, the conversion rate from online modes stands at a mere 4 per cent. Similarly, a study by Max Life Insurance states that 79 per cent urban Indians said they would prefer to buy life insurance from agents, 15 per cent from their bank as against 6 per cent online.

Also, a study by Kantar on annual life insurance – Insurance India 2019 – said that a branch remains a more accessed channel compared to others and a website is a close second when it comes to modes of buying insurance policies. Abhijit Gulanikar, president – business strategy – SBI Life Insurance, said, "Buying a life insurance product is a decision not taken very often. The life insurance contract is a long-term one, and requires commitment from the customer to pay the premium on time for a long period. Hence, most customers still make the decision only after receiving inputs from trusted or known individuals."

"Online mode is now extensively used by customers as the secondary means of understanding a product. Many of them have become comfortable in buying policies online, particularly when it comes to protection products," he further added. Piyali Konar, executive vice-president, insights division, Kantar, said, "Customers do wish to speak with/get in touch with human touch-points before they make decisions. Human interactions are important because customers are still a bit concerned about the security offered by various digital channels."

Despite the physical channel being the most preferred mode to buy insurance policies, online mode has made a significant mark in terms of capturing the imagination of policyholders with various technological advancements in the life insurance domain. Tarun Chugh, managing director (MD) & chief executive officer (CEO), Bajaj Allianz Life, said, "The online channel is a relatively new one and if you were to look at aggregators' and companies' websites, online sales are picking up rapidly. More and more insurers are offering value-packed, simple products with reduced costs within the online space."

"The online channel is also allowing insurers to reach out to customers outside Indian shores and will pick up pace as more and more new-age Indians start investing in life insurance," he further added. V Viswanand, deputy MD, Max Life Insurance, said, "Insurers must strive to make the online ecosystem more robust by harnessing the power of digital tools such as big data and advanced analytics. Hiring the right talent, creating agile teams and fostering a digital mindset will make this shift possible."

However, the online channel has only been successful in making inroads in the metro cities where people are more likely to visit a life insurance company's website and buy products that suit their needs. "In general, the digital adoption among metro customers is higher. They are more likely to seek information online, buy a policy digitally, look for discounts on policies bought through the digital channel and visit the website more often," said Konar.

But the conversion rate in the online space is still a very meagre 4 per cent. Despite this, life insurance companies have been increasingly designing products specifically for the online channel. Moreover, policy servicing is also moving to the online space, and more and more companies are expanding their reach in the category. Regulator Irdai has also opened a path for insurers in this direction with the recent introduction of the sandbox method.

The writer is Subrata Panda.

Source

TOP

Survey finds changing perception on insurance in India – The Times of India – 29th June 2019

PolicyBazaar.com surveyed 5,600 existing insurance buyers to capture their attitude, perception and behaviour towards insurance. The overall results show India still buys insurance for "tax-saving" and "investment." However, the country is slowly recognising that insurance means “protection".

It is quite evident that India for long has remained under-insured and the awareness around insurance has been left even further behind. The extent of misunderstanding and lack of awareness amongst consumers, as well as their approach to the insurance buying experience, is quite significant.

The survey findings stated a whopping 98% of those who purchased health insurance for financial protection against medical expenses. About 24% of the respondents gave an additional weightage to a combination of factors that include tax saving, personal events like marriage and birth of a child.

45% of participants were convinced that the employer provided cover is not enough to adequately cover their their health needs, even as a large percentage continues to be unsure or thinks that it's enough to protect them the lifetime.

Nearly 40% of those surveyed consider claim settlement ratio as the biggest pull for them to choose a health insurer, followed by the network of hospitals, brand name, and recommendation by family and friends.

More than 1/4th of respondents considered medical inflation as the most important factor while choosing the amount of cover, followed by the number of people covered under the policy (19%) and their family medical history (9%). Around 44% participants considered a combination of these three factors to choose the sum insured.

The overall trends on health insurance buying clearly depict how people are more aware of the importance of an adequate health cover and they are buying it for the right reasons.

Nearly 6 out of 10 participants bought term life insurance for "financial protection", and around 38% of participants bought the cover for a combination of reasons that included financially securing themselves, their families and tax saving.

Most of the participants are not aware of how to choose the right life cover for themselves. The responses were fragmented, as 1/3rd of those surveyed believed that the sum assured should be in the range of 10-20 times of their annual income.

Even though majority of consumers are buying life insurance for creating a safety net for their families by ensuring financial protection, they were not necessarily aware as to how they can determine their correct sum assured size.

Under the motor insurance segment, nearly seven out of 10 motor insurance consumers bought insurance for twin reasons -- motor insurance is mandatory for vehicle owners and also because it affords protection financial loss attributed to damage or theft of the vehicle. 33% of the respondents bought a motor insurance cover while keeping third-party liability in mind.

The insurance awareness trend with respect to motor insurance indicates that consumers are not totally aware of the nuances of motor insurance, especially in the case of the benefits offered from zero depreciation and third party liability cover.

(The writer is Mamtha Asokan.)

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Labour ministry, EPFO may stick with 8.65% rate for FY19 – Mint – 30th June 2019

India's retirement fund manager and the Union labour ministry will defend the interest rate that was promised to 60 million subscribers earlier this year despite the finance ministry's concern that the rate is too high, at least three officials familiar with the development said.

The Employees Provident Fund Organisation (EPFO) and the ministry will convince and communicate the decision to retain the 8.65% rate to "higher ups", the officials cited above said on condition of anonymity.

On 21 February, EPFO had raised interest rate on provident fund deposits to 8.65% for 2018-19, a 10 basis point increase from the 8.55% rate in 2017-18. It is the same as in 2016-17 but less than the 8.8% paid out in 2015-16. However, news agency *Reuters* reported on Friday that the finance ministry has sought a lower rate.

"EPFO's central board of trustees is a tripartite body, and has representation from the finance ministry as well. When the decision was taken, it was unanimous. Four months after a decision was taken, you cannot go back. The message for the working class as well as the political bosses will be far-reaching," a government official, the first of the three people cited above.

According to a second official, the labour ministry believes that since the government does not pay subsidy on EPF rate and the payout is based on EPFO's investment returns, there is "no logic to penalize the working class" by lowering their yield. This official said since the 2018-19 payout decision was based on two rounds of calculations and leaves the EPFO with a surplus corpus, they will be able to convince the finance ministry before crediting interest to its subscribers.

"There is no plan to lower the EPF interest rate," labour secretary Heeralal Samariya said when asked whether the finance ministry has decided to push the EPFO to cut the rate. However, the secretary declined to comment on why the finance ministry wants to cut the rate now when its own officials were part of the decision making when EPFO's Central Board of Trustees (CBT) made the rate decision.

Citing a finance ministry memorandum, *Reuters* reported on 27 June that the bigger factor behind the advice to reduce rate was the concern that a "high return would hurt the economy by reducing banks' ability to lend at attractive rates".

"Ministry of labour and employment is therefore advised to consider a rate of interest for FY2018-19 which does not fully utilise the surplus of the previous year and leaves a reasonably higher surplus in the account undistributed," the news agency had said in its report.

However, the retirement fund body had said after the CBT meeting on 21 February that its calculations shows that after an 8.65% payout in 2018-19, EPFO will be left with a surplus of only ₹151 crore. This surplus is less than ₹586 crore surplus it had in 2017-18.

"Our understanding is the EPF rate has very little bearing on bank rates as banks don't borrow much from the body. Second, when we went to the equity market three years back and increased our exposure gradually to 15%, the logic we as government gave was that it will increase return for the EPFO subscribers who contribute every month from their salary. When the corpus is there, how do we justify a lower rate? Subscribers of EPFO should not be at the receiving end always. It's their hard earned money and more so, EPFO indirectly competes with National Pension System and critics always argue that EPFO yield is lower. Why further lower it," argued a third government official. "The political message will be—you hike rate ahead of elections and after winning an election you lower it," this official added.

"We have been working for the working class and this interest rate hike shows that we do respect their faith in us," labour minister Santosh Kumar Gangwar had said in February after the CBT meeting. Interestingly, Gangwar continues to be in the labour ministry in the second term of the Narendra Modi government. The labour minister is the chairman of the CBT, the apex decision making body of the EPFO.

"Are we going to cheat the working class? A decision was taken unanimously and after four months, you doubt that and ask for a lowering of rate," said A.K. Padmanabhan, a CBT member and head of the Centre for Indian Trade Unions.

(The writer is Prashant K. Nanda.)

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Level playing field must for NPS, life insurers' pension policies - The Hindu Business Line – 28th June 2019

The Budget should look at providing a level playing field — tax parity between the popular National Pension System (NPS) and the pension policies issued by life insurance companies, Tarun Chugh, Managing Director & CEO, Bajaj Allianz Life Insurance, said.

Tax advantages available to an individual who contributes to NPS should also be extended to individuals buying a pension policy issued by life insurance companies, Chugh told BusinessLine . Though both the products cater to the common objective of the individual customer, NPS has a significant edge over pension products of a life insurer due to the tax advantage it enjoys. This makes NPS a more attractive investment option, he said.

Sample this statistic: In 2017-18, NPS contribution stood at Rs. 1,81,066 crore, up 36 per cent over Rs. 1,33,165 crore in the previous fiscal. On the other hand, pension plans premium for insurance sector in 2017-18 stood at Rs. 58,277 crore, up 1 per cent over Rs. 57,490 crore in the previous fiscal. Sales of pension products offered by insurance companies have been muted as opposed to NPS.

Rationalise GST rates
In view of the low penetration of life insurance in the country, which stands at 2.8 per cent as of FY2018 (as per IRDAI) and how under-insured India is (India's Protection Gap as of FY2014 stood at 92.2 per cent, as per Swiss RE, Economic Research and Consulting 2015), Chugh said that GST rate on life insurance services should be reduced (from the current level of 18 per cent).

"While this would have a small and temporary reduction in Government's tax revenues, the benefits flowing to the middle income group and the impetus in growth in demand will far offset the reduction," he said.

A reduction in the tax rate on life insurance services will encourage a healthy market coupled with a higher rate of growth in demand for life insurance products, according to Chugh.

Tax exempt annuities
Chugh also suggested that all annuities from a pension/annuity contract be made tax-free.

Alternatively, while computing maturity proceeds from an annuity, premium amount paid with respect to keeping the annuity in force should be reduced as this amount simply represents the principal amount originally paid by the policyholder and hence only the amount of accretion i.e. interest be taxed as per the tax rate applicable to the policyholder.

Currently, the commuted amount received from pension fund established by insurance companies is partially exempt from tax. On vesting of the policy, the policyholder can currently commute up to one-third of the policy proceeds which is received tax free. The balance two-thirds of the pension fund is converted to an annuity policy and annuity is taxable.

However, in the case of Provident Fund, the entire withdrawals are exempt from tax, even though both products are meant to encourage long-term savings to provide security at old age.

(The writer is KR Srivats.)

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Updated list of life insurers is available on IRDAI website.

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Updated List of non-life insurers is available on IRDAI website.

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IRDAI issued exposure draft on comments of the stakeholders on draft IRDAI (Third Party Adminstrators- Health Services (Amendment) Regulations, 2019.

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GLOBAL NEWS

Government push ignites health insurance in South Asia – Asia Insurance Review

Health insurance is gaining momentum in the South Asian markets of India and Bangladesh, with high value government schemes and the presence of several standalone health insurers in the region. But while the government schemes are fraught with challenges, both in implementation and delivery mechanisms, they still hold promise for the future.

Health insurance in South Asian markets is focused on being relevant at the next level. From an 'elitist' insurance product, it is now reaching the middle class in large numbers as well as the lower strata of society through various government-backed mass health insurance schemes.

Government schemes are a game changer

The Indian government's mega health insurance scheme Ayushman Bharat is a game changer, as it offers benefits of INR500,000 ($7,100) to the poorer 50% of the population. The earlier government insurance scheme had a limit of INR30,000.

Health insurance specialist and author, PC James, said that this new high sum insured can inspire both insurers and consumers to look at upgrading the sum insured to higher levels more in tune with the rise in treatment costs.

“Ayushman Bharat is a very ambitious and overarching scheme to bring health protection to the masses. It has offered a low-cost model for the country and offers options to the state governments to administer it through an insurance model or a trust model or even a hybrid model where both insurance and trust models can be combined,” he said.

In Bangladesh under a public private initiative, the government has launched Shasthyo Surokhsha Karmasuchi, a social health protection scheme for citizens who are below the poverty line. The scheme currently covers around 600,000 people living in Tangail district of Bangladesh. Green Delta Insurance managing director and CEO Farzana Chowdhury said that this scheme was an important step towards universal health coverage for a population that is most in need of social support to access essential healthcare services.

“To make this product sustainable and commercially viable in the long run, private insurers need to come forward to bring 170m people under health insurance coverage which will help in the socio-economic development of the nation,” she said.

A few hitches

Since its launch, Ayushman Bharat has not yet been taken up by the larger Indian states and, even more significantly, hospitals are not enrolling in the scheme because the charges for treatment are below the cost born by the hospitals.

“The scheme is currently facing the hurdle of not being viable to hospitals and insurers in the manner that was expected, and so may have to be reworked to make all stakeholders come in to take it to the intended universal path,” said Mr James. He feels that the scheme may improve over time as there is a commitment to make healthcare accessible to all, with health financing for the poor as an important component.

Over the past 10 years Bangladesh has made significant progress in healthcare and achieved the millennium development goals in 2015. However, in comparison to other developing nations the country has one of the highest out-of-pocket health expenditure, which currently stands at 67% and this is an important reason why health insurance needs to be promoted in the country. The non-availability of health-related data is a major constraint in promoting health insurance in Bangladesh.

“An effective and integrated technology-driven distribution channel should be developed to make health insurance products available to all citizens along with excellent service delivery for the policyholders,” said Ms Chowdhury. She said that another challenge in Bangladesh today is for the industry to design and promote a low-cost health insurance product and to take this product to the masses with government subsidy.

Universal health and the role of the private sector

Universal health coverage is the dream of every government and many countries have achieved it, but places like India have limited options in offering free tax-based universal insurance as the tax revenue cannot support it.

“India also cannot implement a social health insurance scheme like in some other countries as most of the people work in the informal sector and hence the focus is on providing health cover using insurance models, whether by insurers or trusts run by governments,” said Mr James. This tries to achieve the universal coverage both by a top-down model through commercial insurance and a bottom-up model through government organising coverage for the poor and those in the informal sector.

It is reported that currently around 400m Indians are covered under some health insurance scheme. The private insurance players are very active in the individual market and in the government insurance market. However, they are also focused on the bottom line, particularly the standalone companies as they cannot have their losses subsidised by other lines of business. “The entry of many new private players in the standalone sector indicates that they see huge opportunities and hence their role in providing universal coverage will see progress," said Mr James. The government of Bangladesh has taken lots of initiatives to ensure universal health cover for all citizens.

"Private insurance companies are also playing a vital role to address this issue and are launching health insurance products for the poor that will help to achieve the goal of universal health coverage," said Ms Chowdhury. She believes that both the government and the private sector have an important role to play to achieve the United Nations SDG goal 3 on good health and wellbeing.

Bright future awaits

The future of health insurance in India is bright as the concept is now understood widely by government agencies, hospitals, employers and among the general population. Mr James believes that the arrival of many standalone health insurers has given a very strong push to health insurance, and there may come a day when all general insurers will start standalone health insurance subsidiaries.

Meanwhile, statistics from the Bangladesh National Health Accounts reveal that the government is bearing only 23% of health care cost through the national budget and the rest is borne by individuals.

"The middle and lower middle-class citizens face huge financial hardship during medical emergencies resorting to borrowing money or selling some of their assets to finance the costs, and so an alternative source of financing is essential and health insurance will be an effective tool to address those risks," said Ms Chowdhury.

She believes that the health insurance market in Bangladesh will develop both in the public and private sector. The government today understands the long-term benefits of risk-based health financing and are likely to use insurers and TPAs in managing health care, subject to strict controls on insurance costs, so that maximum percentage of the premium fund would go towards claim settlements.

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Asia Pacific: Advanced non-life insurance markets act to nurture growth - Asia Insurance Review

The outlook for the non-life market in advanced Asia-Pacific is positive, says Swiss Re Institute, as it notes the various actions taken by countries or territories to foster growth.

Singapore and Taiwan are looking ahead, releasing a Transformation Map and master plan for the re/insurance industry based on InsurTech and other innovations such as parametric solutions. Hong Kong is planning to position itself as the risk management hub for Belt & Road projects.

Swiss Re expects premiums in Japan to rise modestly in 2019, after upward adjustments to official GIRO rates in property and personal accident lines. There will likely be rate increases in property and commercial lines given last year's heavy natural catastrophe losses. In Australia, the decline in compulsory third party (CTP) motor premiums is expected to be less of a drag, while property is expected to continue its robust growth.

Looking back on 2018, the report says that non-life premiums in advanced Asia-Pacific grew by 1.2%, having declined by 2% in 2017. The improvement was driven mainly by less severe contraction in Japan, where the premium decline slowed to 0.3% from almost 8.6% in 2017. This was on account of the largest insurers having reduced motor rates by up to 5% since the beginning of 2017.

The **profitability** of Japanese non-life insurers is expected to have declined significantly, with the three largest Japanese non-life insurers reported to have incurred record insurance pay-outs in the fiscal year 2018 due to natural catastrophe losses.

Premium growth in the other markets was robust, ranging from around 2% in South Korea and Australia, to 6% in Singapore. In Australia, strong rate increases in commercial lines lent support. Growth in personal lines was more muted given economic uncertainty, rising concerns about the housing market, and lower rates and refunds in compulsory third-party motor.

Profitability in the non-life sector will remain an issue due to strong competition and continuing low interest rates, these continuing to hurt investment returns. Advanced insurance markets in the region include: Australia, Japan, Hong Kong, New Zealand, Singapore, South Korea, and Taiwan.

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Pakistan: Proposals raised to boost insurance sector - Asia Insurance Review

There is an urgent need on the part of the government and the authorities to take effective measures to boost Islamic insurance in Pakistan to cater to the needs of people, said Mr Ahmed Hasnain, senior vice president of the Pakistan China Joint Chamber of Commerce and Industry (PCJCCI).

Mr Shah Faisal Afridi, PCJCCI president, said that China-styled reforms in the insurance sector could prove to be a quantum leap in the economic mobility of the country, according to Associated Press of Pakistan.

He said that Pakistan's insurance sector has great potential especially with the forthcoming second phase of the China-Pakistan Economic Corridor.

PCJCCI general secretary Salahuddin Hanif said that the policy environment for Chinese companies in the insurance arena in Pakistan is very conducive, as the government of Pakistan is eager to overcome inefficiencies and flaws in the sector. He said that Pakistan could attract investment by Chinese insurance companies.

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Philippines: Regulator wants insurers to hit the ground running on REITS - Asia Insurance Review

The Insurance Commission (IC) is now allowing insurance firms and pre-need companies to invest in real estate investment trusts (REIT), widening their investment channels in a bid to increase returns.

Insurance Commissioner Dennis Funa issued a circular which qualifies REITs as admitted assets for insurance companies and mutual benefit associations (MBA), and as allowable investment for pre-need companies, according to a statement issued by the regulator.

Despite the fact that a decade has passed since the REIT was passed by law as an investment vehicle, no Philippine REIT has been established.

“This can be attributed to the claim of market players that legal and administrative requirements have made investment in the Philippine REIT market difficult,” Mr Funa said. “However, we deemed it necessary to issue the new regulation on investments in REIT by insurance and pre-need companies.”

He said the issuance of the new rule is "timely" as it ensures that insurance and pre-need industry players are well prepared, considering the amendments to the implementing rules and regulations of the REIT law, and the "Build, Build, Build" programme of the Duterte administration.

"The new regulation will allow the insurance and pre-need companies to hit the ground running as early as the first listing of a Philippine REIT," he said. "While the Insurance Code specifically allows insurance companies to invest in REIT, it is not a self-executory provision. In other words, there is a need for the issuance of implementing rules and regulations," Mr Funa explained.

Under the new regulation, for investments in REITs to be treated as admitted assets of an insurance or pre-need company, the REITs must have the prior approval of the Securities and Exchange Commission and shall be limited to publicly-listed REITs only.

Mr Funa said that the aggregate placement in REITs should not exceed 10% of the total admitted assets of a life insurance company and MBA; or 20% of the total net worth of non-life insurance company or professional reinsurance firm. For pre-need companies, investments in REIT should not exceed 15% of their total trust fund.

Moreover, investments of insurers on REIT shall be subject to a risk-based capital charge of 25%, pursuant to the amended risk-based capital framework.

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