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QUOTE OF THE WEEK

"A good plan violently executed now is better than a perfect plan executed next week."
– George S. Patton

INSIDE THE ISSUE

INSURANCE INDUSTRY

Ignorance about credit, insurance schemes dogs MSMEs - Financial Chronicle – 24th November 2018

Ignorance about credit and insurance facilities is a big barrier before the micro, small and medium enterprises (MSMEs). Around 40 per cent of MSMEs borrow from informal sources and not even 1 per cent of MSMEs know about ECGC (Export Credit Guarantee Corporation).

At the end of 2017-18, ECGC had provided direct insurance cover for 8,032 MSME exporters. Another 12,083 got cover for the credit they had availed from banks, this was availed by the banks and not by the exporters. According to official statistics, there are more than 63 million MSMEs in India. "If we talk to 100 or 1,000 enterprises, not even one would be aware of ECGC and that they can insure their shipments," said Pawan Gupta, founder of Connect2India.

"We have been conducting awareness camps for the MSMEs. We also had a special product for the MSMEs some time back. But the responses have not been good," said ECGC official.

According to Gupta, most of the MSMEs are also not aware about the various schemes the government runs for ensuring credit, technology upgradation, training and skill development, market assistance and employment generation.

India's MSMEs make an enormous contribution both to India's employment and its gross domestic product (GDP). Yet, they lag 10 percentage points behind the US and 23 points behind China in GDP contribution. The primary reason for this gap is that these businesses often lack access to formal credit sources, which forces nearly 40 per cent of MSMEs to borrow from informal sources and pay interest rates that average 2.5 times higher than rates charged by the formal sector, finds a study by Omidyar Network and BCG. An additional 25 per cent of MSME borrowing is invisible — taken as personal loans, demonstrating the shortcomings of the current lending process.

"As of 2018, most of the credit demand for $600b on is being met through informal sources," said Roopa Kudva, MD, India, Omidyar Network.

Millions of MSMEs lack proper documentations needed to secure a formal loan, cannot offer collateral or have incomplete or under-reported financials. So the formal loan process can be laborious and costly for borrowers and lenders alike, leaving traditional lending models unable to properly address MSME needs.

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Source

LIFE INSURANCE

India: Life insurance to be cheaper while health insurance becomes more expensive – Asia Insurance Review

Buying life insurance is likely to get more affordable, while health insurance could get dearer. Improved life expectancy among the insured population will keep the cost of life cover down, but the cost of health covers is expected to move up because of various court directives asking insurers to cut out exclusions.

Mr.Sanket Kawatkar, head of life insurance at actuarial consulting firm Milliman, said that there is an improvement of around 10% in the new mortality table, which is prepared by the Institutes of Actuaries of India, according to a report in Times of India.

According to Mr.Kawatkar, insurers may choose not to reflect the new tables because life insurance premiums are already the lowest in the region.

Global reinsurers are bullish on India as it is seen as the market with the highest latent demand. "The protection gap in India is estimated at $9trn, making it one of the biggest markets in terms of potential," said Mr.Kawatkar, consulting actuary with Milliman.

Health insurance is expected to see an increase in rates. According to Mr. lalit Baveja, senior health management consultant at Milliman, the scope of health insurance in India is set to increase due to court interventions for covering hitherto excluded illnesses like HIV, mental ailments and congenital defects.

"Insurance companies will have to rework all their existing products to address these exclusions and file them with the insurance regulator with revised pricing," said Mr.Baveja.

TOP

Source

GENERAL INSURANCE

How usage of apps are shaking up the GI industry - The Economic Times – 28th November 2018

Insurance – it is one of the fundamental investments that we need to make. Whether it is for the car we drive, the phone we use or our life, insurance has been one common protection plan we have. However, the way we look at insurance has been changing constantly, especially in the recent times. What was once perceived to be a process full of paperwork, now takes just a few clicks. The development in technology has helped the general insurance industry evolve. This, combined with the increasing trend of mobile usage, is allowing insurers to use mobile apps to interact with customers and has truly reformed the workings of the industry.

India's potential for Mobile Apps Market

India's obsession with smartphones and mobile apps has been on the rise. According to a 2017 data*, 281 million people in India use mobile internet every day. Online mobile app data market company, App Annie, recently named India as the world's fastest-growing market for mobile applications on both the Apple iOS and Google's Android Play Store. This report was backed by revenue studies as well as the date on maximum downloads of apps, and highlighted the potential that mobile applications hold in every industry.

The Startling growth of Insurance

Insurance has always been a go to investment tool for millions of Indians and there are several reports that the industry is growing at an impressive rate. According to an Assocham-APAS study, the insurance industry is expected to grow to USD 280 billion by 2019-20. The penetration of this industry has reached 3.7% in 2017, compared to the 2.71% penetration in 2001. These numbers already indicate at the growth potential that we hold. And if there is one area of insurance that has seen some monumental growth, it has been the automobile sector. With the number of car owners in the country increasing, car insurances have become a significant contributor to this growth.

The compulsion and the choice

Even though car insurance has been mandatory, people are becoming increasingly aware about the importance of choosing the right plan, according to their requirements. A car is not just a mode of transport, but plays a significant role in keeping us and our families safe and comfortable in travels. It has become a necessity for many, who enjoy the convenience as well as the freedom that it offers. And when it comes to its protection, more and more people are making informed choices.

Car Insurance & Mobile Apps

There are several factors that people consider while making the informed choices in selecting the right car insurance. One significant factor that everyone considers has to be the convenience of the claim process. The rising mobile usage and the need for convenience, has been taken into consideration by insurance companies like Reliance General Insurance. This has resulted in the development of apps like Reliance SelfI, a smart mobile app. This mobile application eases the claims proves significantly with

features like live video calls assistance with claim advisors, renewal of policies with just a tap, quick access to nearby garages, hospitals etc. The Reliance Selfi App also allows users to track the claim/service status real time. The mobile app also allows users to safely store all their policy and other important documents like Driving License, RC Book, etc. in an E-Doc vault, which is easily accessible.

The impact on general insurance industry

This entry of mobile applications in the insurance industry has already shaken up the way this sector functions. The alleged drawbacks of paper works and lengthy procedures have now become all the more convenient, and are just a tap away. Considering the potential of mobile applications in the country as well as the prioritization of comfort and convenience, their entry into the insurance market has been ground breaking. This move is bound to play a crucial role in increasing the penetration of insurance as well as making the entire process much smoother.

This becomes especially convenient in car insurance, as getting claims assistance in case of an accident is just a live video call away. The ease of finding nearby garages in case of a breakdown also adds to the ease of the car owners. Reliance Car Insurance also offers comprehensive damage cover and other add-on packages that assure complete protection of your car as well as the people using it. With all these features and the convenience of Reliance Selfi, Reliance General Insurance already has upped the game of India's general insurance industry.

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Source

Delay likely in merger of insurance companies – The Hindu – 27th November 2018

The merger of three public sector insurance companies, announced by Finance Minister Arun Jaitley in his last Budget speech, will have to wait — at least until the beginning of the 2020-21 financial year.

"The merger process is going on," Girish Radhakrishnan, chairman and managing director, United India Insurance Company (UIIC), one of the three insurance firms, told The Hindu. "The tentative timeline is about 18 months. Most likely, the merger could take place by March 2020."

Mr. Jaitley had, while announcing the merger of United India, National Insurance and Oriental Insurance, visualized it to be a reality by the end of the 2018-19 financial year.

In an interview, Mr. Radhakrishnan said the delay was due to the complications involved in welding together three companies with different systems, styles, workforces and IT platforms. "Integrating three totally different IT platforms is a huge task," he noted. The process of choosing financial consultants for the merger was now under way.

State Bank merger

Referring to the recent State Bank Group merger, he said there was no comparison with the insurance firms. "The SBI was a giant, overarching entity and the other entities were much smaller. Here, we have three different companies which are independently quite strong."

The merger would "weed out some amount of self-destructive competition" and also add to size, scale and financial strength. The merged entity would have a market share of 35% and hence would be a dominant player in the non-life insurance products sector.

Job losses

Asked if the merger would cause job losses (UIIC alone has a workforce of 16,700), Mr. Radhakrishnan said: "I can't say now, it depends on the architecture of the merger." However, he claimed, the trade unions were convinced of the rationale for the merger. "They are only worried about the actual mechanics of the merger."

Mr. Radhakrishnan pointed out that motor, health and agriculture — in that order — would continue to be the three major components of the non-life insurance companies in India, both public and private, for a long period. Motor insurance, by far the largest component, would be in for more competition if IRDA's plan to expand the 'own damage' policy portfolio is implemented. The IRDA had set up a working group

to study improving this portfolio by offering a lot more add-on options to the policy buyer, thus increasing competition. The trend towards online purchase of policies would also gain momentum.

"Health insurance is perhaps the largest growing insurance segment in India," Mr. Radhakrishnan said. While the companies were making profits on the individual health policies, group insurance was causing losses to all. He hoped the government-sponsored schemes like Ayushman Bharat would give a boost to the segment as over 85% of Indians lacked health cover.

Mr. Radhakrishnan, who headed the U.K. operations of New India Assurance for four and a half years before taking up the new assignment, noted that the insurance sector in the West was far more sophisticated than in India. For instance, some two dozen parameters determined the cost of motor policy, while in India; the premium depended on the price of the vehicle and its engine power. "Who drives the vehicle — the age and occupation — is a significant factor. If you are 25 years old, your premium will be much higher than that of a middle-aged person." Traffic violations would add to the premium.

The western companies have invested heavily in technology so that most insurance purchases are online, Mr. Radhakrishnan said. Once the merger of three companies materialise, such changes would get a boost in India too, he hoped.

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Source

Wedding insurance: A cover for your 'big day' – Mint – 24th November 2018

Insurance companies such as ICICI Lombard General Insurance Co. Ltd, HDFC Ergo General Insurance Co. Ltd. and Future Generali General Insurance Co. Ltd provide wedding insurance. Some common coverage include cancellation of wedding ceremonies due to natural disasters, theft at venue, postponement of wedding when any person in the policy document does not appear due to hospitalisation, death or other reasons. Some known exclusions are wedding cancellation due to seasonal weather changes, family disputes, etc. The premium of wedding insurance differs based on the location, size of the wedding, etc.

What is the cost?
The insurance comes with a very wide range of coverage and is highly customised. "The premiums depend on the type and extent of coverage. For example, if you were getting married on a yacht, you may want to cover for yourself, guests and valuables. If it were in a hotel, you would be looking to cover jewellery and other tangible expenses like gifts," said a spokesperson of Bankbazaar.com. The premium would take into account factors other than the sum insured while underwriting it. It is typically aimed at big-ticket weddings. Typically, it could cost 1% of overall cost of the sum assured.

Should you opt for it?
Say you are planning your wedding in your home. If you have a personal health insurance, personal accidental cover and a household policy then you may not need to take a wedding insurance cover. However, if it is taking place in a separate venue and is expensive, you may want to cover it against damages. If you plan to take a cover, remember that for claim settlement, you will need to show proof of expense. Hence, keep all your bills handy. Considering that a lot of money is at stake, it would be prudent to take an insurance cover to protect yourself from any unforeseen circumstances.

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Source

General insurers post 12% gross premium growth till October – Financial Express – 23rd November 2018

General insurers posted a growth of 12.4% (year-on-year) in gross direct premium underwritten at Rs 96,204.76 crore till October in the current financial year against Rs 85,589.90 crore in the corresponding period last financial year.

Among the four public sector insurance firms, Oriental Insurance registered the highest growth of 14.74% in the seven-month period, followed by New India Assurance Company at 8.22%. The other two insurers — United India Insurance and National Insurance Company — reported negative growth, data from the General Insurance Council showed.

Among the general insurers, New India Assurance continued its dominant position with a market share of around 14.57%. All four public sector insurers have a combined market share of 40.37%.

Private players, including Bharti AXA General Insurance, SBI General Insurance and Tata AIG, reported high double-digit growth. Among the private insurers, ICICI Lombard General Insurance had a market share of 8.9% and saw a gross direct premium underwritten at Rs 8,559.15 crore in April to October against Rs 7,581.41 crore in the previous financial year, growing by 12.9%.

According to industry experts, the growth has been coming mostly from segments such as health, motor third-party and personal accident cover. "While, motor own damage saw negative growth, there has been positive growth in the motor third-party insurance. Aviation and personal accident policies also grew by over 20% in the current financial year. However, growth from traditional lines of business such as engineering and fire insurance has been lower at single digit," a senior industry official said.

Currently, health and motor insurance constitute around 63% of the total general insurance business. Apart from general insurance, stand-alone health insurance companies also saw a surge in their premium at 40% in the first seven months of the current financial year.

Six standalone health insurers have seen tremendous growth so far this year, with Aditya Birla Health Insurance and Cigna TTK Health Insurance having grown by 88% and 84.54%, respectively, in the first seven months of this financial year.

While special public sector insurers such as Agriculture Insurance Company of India and Export Credit Guaranteed Corporation of India saw a growth of -0.37%, the General Insurance Council data showed.

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Source

HEALTH INSURANCE

Daily hospitalisation under PMJAY may double by January – Financial Express – 30th November 2018

The number of free hospitalization beneficiaries under the Ayushman Bharat-Pradhan Mantri Jan ArogyaYojana (AB-PMJAY) may reach 6 lakh in the next one month from 3.7 lakh now, Ayushman Bharat CEO InduBhushan told FE. This is even as efforts are on to empanel more branded specialty hospitals under the scheme, which offers Rs 5-lakh-a-year health cover to 10.7 crore households.

"We expect the average hospitalization rate to rise from 6,000-7,000/day to about 12,000/day by January 1, 2019. In the first 100 days of the scheme, we are expecting about 6 lakh people to get hospitalization benefits," Bhushan said.

Currently, 57% of the empaneled 14,416 hospitals are from private sector, which also treated 66% of the patients under the scheme. As on November 27, a total of 3, 65,860 beneficiaries were admitted to hospitals for undergoing various surgeries and procedures. However, bulk of the hospitals empaneled under the PMJAY is not accredited to the NABH (National Accreditation Board for Hospitals and Healthcare Providers) or other similar agencies offering quality certification. These data, however, are not fully captured as states that had similar schemes earlier and later joined PMJAY are yet to integrate their data with the national database.

"As the scheme matures and payments are streamlined, greater percentage of hospitals in PMJAY would be branded," Bhushan said. Medanta in Gurugram, Apollo in Chennai and Narayana Hrudayalaya in Bangalore are some of the top branded and super specialty hospitals which are already empaneled after

the scheme was rolled out on September 23. Delhi houses a large number of specialty private hospitals that are visited by patients from across the country.

However, Delhi has not joined the scheme so far (Telengana and Odisha being the other two), thereby slowing down the empanelment of private hospitals in the capital (as it's the state's job to empanel). To overcome this, the National Health Agency (NHA), which administers PMJAY, is directly negotiating and has so far roped in three private hospitals in Delhi including Cygnus Sonia Hospital and Dr. Shroff's Charity Eye Hospital. "Big hospitals are coming. We are hoping more will join soon," Bhushan said, adding that the scheme is only two-month old and will take time to mainstream.

Even though there were no plans to issue beneficiary cards (as they are automatically selected from Socio Economic and Caste Census data), NHA plans to issue about five crore such cards to inform people and generate hospitalization demand from rural population. So far, about 10 lakh cards have been issued.

The hospitalization and treatment of 3.65 lakh up to now would cost the Centre and states about Rs 500 crore, shared in 6:4 ratio between the two. The cost of the scheme would be much lower in FY19 as half of the year is over and some populous northern states implementing such a scheme for the first time would take time to fully roll it out.

For 2018-19, Bhushan said the PMJAY might cost the Centre about Rs 4,000 crore (including one-time investments on IT) and the states about Rs 1,600 crore in 2018-19. The scheme might provide hospitalization benefits to 25 lakh in the current fiscal year. So far, bulk of the beneficiaries is from Gujarat, Tamil Nadu, Chhattisgarh, Karnataka and Maharashtra, the states which had prior experience of similar schemes. Most of the states are also implementing the scheme under trust model.

TOP

Source

Breaking unhealthy silos - The Economic Times – 30th November 2018

The third Sustainable Development Goal (SDG-3) pertains to healthcare. "Ensure healthy lives and promote well-being for all at all ages," it states. This goal is important for several reasons. The economic viability of current healthcare models is under question, even in the world's largest economies such as the US and China. Health indicators and figures on healthcare access present a picture of widespread inequality. The pharmaceutical industry and medical diagnostic procedures compromise environmental integrity and public health systems do not address the health impacts of environmental pollution. While under-nutrition and communicable diseases persist, non-communicable diseases (NCD) such as cancers, hypertension, diabetes, respiratory problems and injuries are rising.

Universal Health Coverage (UHC) has been adopted as the strategy to attain SDG-3. However, last month, at a meet in Astana, Kazakhstan, the world community acknowledged UHC's limitations. The Astana Declaration underscored the importance of Primary Health Care (PHC) as an essential complement to UHC. UHC concentrates on ensuring healthcare access through medical insurance "coverage" in order to "prevent catastrophic medical expenditures". This was a move away from the comprehensive PHC approach that was reiterated by the WHO in 2008.

The Astana declaration (2018) attempts to integrate the two approaches. "We will apply knowledge, including scientific as well as traditional knowledge, to strengthen PHC, improve health outcomes and ensure access for all people to the right care at the right time and at the most appropriate level of care, respecting their rights, needs, dignity and autonomy," the declaration states. However, what the Astana Declaration leaves unsaid is a matter of serious concern. It is silent on the socio-economic and political conditions (international and national) that lead to malnutrition and ill-health. It does not talk of the complicity of private sector healthcare outfits and the pharmaceutical and insurance industries in creating the problem of unaffordability.

Ivan Illich's book, Limits to Medicine, published in 1974, brought together a large body of data that demonstrated the negative effects of the doctor-centered medical system. Illich showed how the system disempowers communities and patients. Such evidence has only grown over the decades. Yet, UHC seems

to be premised on the belief that increasing access to the "doctor-hospital-centered healthcare" is the solution to the crisis.

The principles of the PHC approach of the Alma Ata declaration (1978) such as healthcare "closest to home" and "appropriate technology" that is effective, safe, cheap, and simple to use, need to be applied to the healthcare system as a whole.

The PHC-infused-UHC could facilitate such a shift. People's experiences, knowledge and practices need to be respected if we are to shift to patient-centered and community-centered healthcare. Binaries of "scientific" versus "traditional" need to be given up by acknowledging the validity and limitations of various knowledge systems.

The women's movement and Adivasi and indigenous peoples' movements have asserted people's rights over their bodies and health. Decentralized and plural healthcare systems, social audits and community monitoring systems have been designed and experimented upon. People across the world are turning to alternative medical systems.

In India, the UHC-PHC complement is embodied in the Ayushman Bharat scheme — the Pradhan Mantri Jan Aarogya Yojana (PMJY) reflects the UHC model, while the health and wellness centres claim to reflect the PHC component at the primary level.

This is a shift from the earlier strategy for strengthening public healthcare system, reflected in the National Rural Health Mission (NRHM), 2005-2012 — later the National Health Mission with incorporation of the National Urban Health Mission. NRHM addressed primary and secondary levels, leading to an increase in public health expenditure, from 17 per cent of total health expenditure in 2004-05 to 30 per cent by 2014.

It also increased utilisation of public healthcare for out-patient care, especially in the most under-served states. This was no mean achievement, especially at a time when privatization was the larger policy trend.

With decreasing budgets, however, NHM may well be in decline. Huge sums are being promised for insurance against hospitalisation under the PMJAY. However, evidence from the Rashtriya Swasthya BimaYojana (RSBY) shows that such insurance schemes distort health provider behaviour, add unnecessary transaction costs and on aggregate do not reduce out of pocket expenditures on health. Thus there is no option but to strengthen public services.

The Health and Wellness Centres bring focus on to non-communicable diseases (NCDs), in addition to the ongoing communicable disease control programmes and maternal and child health programmes. The ambit of services provided has increased and public services at the primary level have been strengthened.

However, this is not in sync with the broad SDG of improved well-being. Attaining this goal requires that the environmental, social, and economic conditions are made conducive to health. Economic, agricultural, industrial, rural and urban development policies should all keep people's health as their central goal.

AYUSH practitioners — who have taken "bridge' courses" — will be posted at the health and wellness centres to screen NCDs and implement allopathic programmes. Encouraging them to utilise their AYUSH knowledge to prevent and treat diseases will be an opportunity to utilise our indigenous resources for sustainable options.

The PHC-infused UHC provides a window of opportunity for re-visioning and creating sustainable and empowering healthcare. Will we as a country make use of the opportunity Astana provides, or continue to be caught in the trap of over-medicalised commercial healthcare?

TOP

Source

India should not follow the China model in universal health-insurance plans: Economist - The Hindu Business Line – 29th November 2018

India should not go the China way while implementing Ayushman Bharat, warned Winnie Yip, Professor at the Harvard TH Chan School of Public Health.

Yip was addressing the who's who of Indian healthcare industry at the Confederation of Indian Industries (CII) health summit, in New Delhi, on Thursday.

While China has achieved universal health-insurance coverage after a fresh set of reforms, initiated primarily for the poor in 2005, it has done little to reduce the out-of-pocket expenditure (OOP) of patients, Yip pointed out.

"Up to 50 per cent of all hospital expenses were being reimbursed, yet the OOP was not reducing. The reason was that health expenditure was growing even faster," she said.

In China, according to initial results in 2011-12, insurance coverage had reached 95 per cent, reimbursements gradually increased, and hospitalisation rates grew from 6 per cent in 2008 to 16 per cent in 2017. "Does insurance actually get people more sick?," quipped Yip.

In 2015, according to World Bank figures, 32.4 per cent of Chinese population incurred OOP, while 65.1 per cent of Indians spent out of their own pockets for healthcare.

Another criticism that Yip drew was that Ayushman Bharat only covers hospital care, as the system of primary healthcare structures – known as health and wellness centres – is not integrated with the scheme. "Any system that covers only hospital care is expensive and difficult to sustain financially, and not suitable for the future health needs of the population," stated Yip.

Misalignment of incentives

While doctors and staff in hospitals get paid fairly well, incentives for preventive healthcare workers are usually very low. Yip said that the misalignment of incentives is a barrier to build integrated systems.

Another challenge in India is to generate enough capital to invest in healthcare. In China, the usage of electronic fund transfer has been utilised creatively to implement a scheme, which literally translates to "a drop of water". Using the messaging app Vchat, the Chinese government was able to seek contributions for the scheme. "Each person contributed a very small sum, with an assurance that if they were ill they would get a substantial coverage. A large number of people participated," said Yip.

Going further, the CEO of Ayushman Bharat, InduBhushan, agreed with Yip's view point on the differential pricing system of services in public and private sectors as well as across geographies. "We are in constant discussions to consider revised pricing of our package rates. However, we do not want to be revising prices every few months, and do not want to replace unscientific methodology with other. Industry inputs on price revisions will definitely help us," said Bhushan.

TOP

Source

With political maturity, Ayushman Bharat can become truly federal: Jaitley - The Hindu Business Line – 28th November 2018

Finance Minister Arun Jaitley has said that with political maturity, Ayushman Bharat, the cashless insurance scheme for the poor, can become truly federal.

He said although functioning of the Goods and Services Tax (GST) regime has been enshrined in the Constitution and is an example of federal functioning, healthcare is not. "However, there should be least resistance to running healthcare systems in a federal way as it is no longer a turf war between states, on who provides better healthcare, but becomes an issue of larger welfare," he stated.

Jaitley went into rewind mode and said before the Ayushman Bharat scheme was launched, an alternative to launching the insurance-based scheme was also being discussed. Jaitley was speaking at the Confederation of Indian Industries (CII) Health Summit in the Capital on Thursday.

“The alternative was to first build tertiary-care hospitals in all districts and then man them with resources over five to 10 years,” Jaitley said.

He also said while 3.8 crore people were earlier filing their tax returns, the number filing their returns has almost doubled, as also more revenue is being generated at the Central and state levels on the implementation of the Goods and Services Tax (GST) regime, which has led to the starting of social schemes such as the Ayushman Bharat scheme. “The challenge now lies in implementing the scheme effectively,” he noted.

Jaitley emphasized that private sector participation should be stepped up to improve healthcare in India. Private players are currently concentrated in the metro cities .Jaitley noted that while healthcare facilities in India's country-side were largely lagging, the situation in the national Capital was no better. “When Delhi was under Central rule, I announced a budget of close to 70 dialysis machines in the government-run set-ups. While this was also a low allocation, it was seen as a big deal because even that much was not available earlier,” he said.

TOP

Source

Over 300,000 people have benefited from Ayushman Bharat so far: Jaitley - Business Standard – 28th November 2018

Finance Minister Arun Jaitley said Tuesday as many as 300,000 poor people have benefited from Ayushman Bharat health scheme in the last one-and-a-half months.

Speaking at the function to release the book 'Making of New India: Transformation under Modi Government', Jaitley said that the NDA Government is both pro-business and pro-poor as the country needs greater resources to fund the poverty alleviation programmes.

"We are now close to about 300,000 people in the last month and a half you have already benefited from hospitalisation under Ayushman Bharat and these are people belonging to the 100 million poorest families in India," Jaitley said.

Prime Minister Narendra Modi in September launched the Ayushman Bharat Pradhan Mantri Jan Aarogya Yojana which aims to provide coverage of Rs 500,000 per family annually, benefiting more than 107.4 million poor families for secondary and tertiary care hospitalisation through a network of empanelled health care providers.

Jaitley said if the country has to grow at a faster pace, faster than rest of the world in the next one or two decades, then the contribution from the rural sector has to go up.

"If we are to grow at a fast pace, faster than rest of the world in next 1 or 2 decade, we have a potential to do that. The potential is clear. The contribution to GDP from rural areas is yet to come in a big way. A lot of development is required in eastern parts of India, the contribution of female gender (has to go up)," the minister said.

In 'New India', the slogans of 1971 has become complete redundant, he said, adding "We are pro-business and pro-poor. You can't have one without the other.

"So the reforms which you take, which help the market economy to grow, make your pockets deeper and help you service those sections which have the first right to service those resources. This is our experience in the last 4.5 years".

The book, 'Making of New India: Transformation under Modi Government', contains 51 essays on themes ranging from economy to diplomacy, education to public health.

President Ram Nath Kovind received the first copy of the book from Jaitley at a function in Rashtrapati Bhawan.

"Inclusiveness is more than just a slogan. The government has taken this philosophy to the centre of its policymaking. Numerous measures have been taken to ensure that socio-economic groups, communities and regions that had so far been left behind in the India growth story are mainstreamed in a holistic manner," he said.

Kovind noted that the book endeavors at weaving together an assessment of various policies and programmes and provides its readers a multidimensional view of the national development journey.

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Source

Will inclusive health insurance covers become more expensive? – Mint – 27th November 2018

Cost will be affected but on small scale

There will definitely be a small impact on the cost, but the number of grievances will significantly go down. When these go down and the experience of the customer is enhanced, naturally we expect that to bring more business.

Many times those selling or buying a policy are not aware about exclusions. So when they go to a hospital, they are taken for a surprise. That is because there are different clauses of exclusion for different companies and even for different policies from the same company. So when this is made uniform, over a period of time, every customer, every front desk of a hospital as well as a medical practitioner will come to know that these are the exclusions. This will reduce the confrontation that follows.

Now there is more focus on mental health and HIV-positive patients. So in a way, these recommendations will also help the industry run in a more righteous way. The premium will not go up immediately, though outgo will go up. But the outgo will also depend on efficient management and creating a network of hospitals. In fact, the recommendations can be implemented without a cost impact if the insurers are prudent.
—S Prakash, chief operating officer, Star Health Insurance

Beneficial for both customers, insurers

From bringing mental health in the ambit of health insurance to standardising the wordings in the exclusions, Irdai has taken constructive steps towards broadening the scope of coverage. The committee report, among other recommendations, limits the number of illnesses or diseases which remain outside the ambit of health insurance coverage. Irdai has taken a positive step to regulate insurance contracts by bringing uniformity in policy wordings and emphasizing on clearer definition of pre-existing diseases.

Standardisation of exclusions would also remove differences across different products and across different insurers.

These measures would make health insurance policies more inclusive and products more comprehensive. Though the current products might not be able to accommodate these guidelines as the same have not been priced for, new health insurance products with standard policy wordings and appropriate pricing would be beneficial for both customers as well as the insurers.
—Ashish Mehrotra, MD and CEO, Max Bupa Health Insurance

Higher cost won't be a hindrance

Health insurance has been known for the highest number of consumer grievances across services. The recommended changes are likely to standardise terms and significantly reduce ambiguity.

The resultant premium hike is one that the customer would be more than keen to pay. In the past decade, at the behest of solving for losses and frauds, random conditions have been force fitted in many policies. Though the policy conditions have historically always been complex, such arbitrary introduction of

conditions, sometimes during renewal, resulted in bona fide customers feeling cheated at the time of making claims.

The maximum number of grievances has been due to lack of awareness of terms and conditions of the policy. We need to come to terms with the fact that policies are not being sold by healthcare or legal experts, but by salesmen.

Once the customers understand the policy terms and how they can benefit from them, they will be more than keen to renew or buy the policy, even at a higher premium.
—Mahavir Chopra, director, health, life and travel insurance, Coverfox.com

Premium will not go up immediately
The recommendations by the working committee are a positive move for policyholders and the non-life insurance sector. It will provide more clarity to the insured and bring about uniformity in the exclusions under health insurance policies. Moreover, this also will standardise the waiting periods which currently vary from insurer to insurer depending on the illnesses. As an added advantage, these recommendations will help in reducing claim rejections as well.

It is unlikely to have a significant impact on the cost in the short run. However, individuals with pre-existing condition might have to pay a higher cost. Also, the waiting periods for common health conditions like hypertension, diabetes, etc have been substantially cut down to not more than 30 days, but greater emphasis may be laid by the insurers on pre-policy examinations.

We can expect significant innovation in health insurance products. Coverage for all pre-existing conditions after eight years of continuous renewals will also encourage product innovation, but tighten underwriting at entry. Standardising the exclusions across the industry is likely to boost individual's confidence to purchase a health policy.
—Anurag Rastogi, chief actuary and head - Retail Underwriting and claims, HDFC Ergo General Insurance

TOP

Source

Critical illness treatments are costly: Here's how to fund these and insure against them - The Economic Times – 26th November 2018

Ten years ago, Mumbai-based Shashank Kulkarni was grappling with the emotional and financial challenges of his father's cancer treatment when he got another blow. He was himself diagnosed with colorectal cancer in 2008. "The Rs 5 lakh group health insurance cover provided by my employer came to my rescue," he says.

The combined bill for treating both father and son was around Rs 10 lakh, but as luck would have it, they underwent treatment in different financial years so the annual limit of Rs 5 lakh under the group cover was not breached. "But I had to dip into my savings for other expenses of close to Rs 78,000," he adds.

A survey by Policybazaar.com shows that four out of 10 Indians buy a medical cover of Rs 5 lakh. But, as Kulkarni's experience shows, even Rs 5 lakh would be inadequate when you are up against a critical illness. The incidence of such ailments and costs of treatment have risen sharply in recent years.

The number of cancer cases in India has risen 15.7% since 2012, according to the National Institute of Cancer Prevention and Research. If that is not bad enough, healthcare inflation in India is estimated to be nearly 15%.

A stable financial situation may not insulate you from the aftershocks. When she was diagnosed with breast cancer four years ago, Gurmeet Sahni thought her medical insurance will take care of the expenses.

But her health cover was only Rs 3.5 lakh while the expenses, including surgery, chemotherapy and radiation sessions, went up to Rs 7 lakh. "I had to just prepare for the treatment, but my husband had to bear the financial implications," she says.

E.g. 1: *Shashank Kulkarni, 42, Mumbai*
Survivor of: Colorectal cancer, diagnosed and treated in 2008
Expenses incurred: Rs 5 lakh for surgery to remove the tumor, followed by chemotherapy sessions
Funded by: Employer's group health insurance cover of Rs 5 lakh
Estimated expenses borne out of pocket's 78,000
Expenses for which he had to dip into his savings: Though 95% of the treatment cost was taken care of by the group cover, he had to pay for travel, vitamins, follow-up consultations and check-ups
Long-term expenses being met out of savings: He underwent follow-up tests every quarter for the first five years, twice a year now. Each test costs about Rs 7,000.

Advances in medical science have now made it possible to detect cancer and other critical illnesses early and defeat them. But better diagnostic and treatment capabilities also mean high costs. Many of the critical illnesses such as cancer, heart ailments and kidney transplant also require long-term, and at times life-long, medication. A Rs 5 lakh health cover will just not suffice.

Critical illness treatment costs are prohibitive
The average Indian family will find it difficult to bear these expenses
Cancer: Rs 8.6 lakh
Cardiac diseases: Rs 9.6 lakh
Liver transplant: Rs 25.5 lakh
Kidney transplant: Rs 6.5 lakh
Source: Cigna TTK Health Insurance

Long-term expenses not covered under health insurance policies
Cancer
Follow-up checks: Rs 2,000-15,000* per test
Heart ailments
Follow-up visits: Rs 600-1,000 per test
Lab and CT scan costs: Rs 10,000-15,000 per year
Kidney transplants
Lifelong immunosuppressant's, steroids and supplements: Rs 5,000 per month
Bone scan, once in five years: Rs 2,000-3,000 per scan
Kidney transplants
Lifelong immunosuppressant, steroids and supplements: Rs 5,000 per month
Bone scan, once in five years: Rs 2,000-3,000 per scan

*Notes: 1. Costs are indicative; could go up as per patient's requirements. 2. Health policies cover post-hospitalisation expenses—as per prescriptions—for 60-180 days. 3. *For minimal investigations to late-effect checks.*
Source: Mohan Foundation, Indian Cancer Society and Indian Heart Association

Take the case of Jivaji Parab. He underwent a bypass surgery in 2015 but the expenses are still continuing. Parab's son spends Rs 2,500 a month on medication, besides Rs 500-1,000 for check-ups and follow-up visits. "Cardiac rehabilitation costs during the initial 3-4 months post the heart attack alone may cost Rs 50,000-1 lakh," says Sevith Rao, Founder and Managing Trustee, Indian Heart Association.

E.g. 2: *JivajiParab, 72, Mumbai*
Survivor of: Bypass surgery conducted in 2015
Expenses incurred: Rs 4 lakh
Funded by: The family's savings and aid from former employer
Estimated expenses borne out of pocket 2.1 lakh
long-term expenses being met out of savings: Quarterly follow-ups that cost Rs 500 per session; monthly expense of Rs 2,500 for medicines

Long-term treatment
Cancer patients like Sahni spend roughly Rs 50,000 a year on blood tests, mammography and follow-up checkups. Kulkarni was treated 10 years ago, but still undergoes follow-up tests, spending roughly Rs

15,000 a year. Other therapies cost a lot more. “Continuing long-term care is extremely expensive if the new targeted therapies are used,” says Dr Vinay Deshmane, Medical Director, Indian Cancer Society.

Similarly, stroke survivors require long-term physiotherapy and rehab care. Kidney transplant recipients have it even tougher. “Immunosuppressant and steroid and supplements have to be taken lifelong. During the initial few months, the cost is quite high—around Rs 10,000 per month. This later comes down to about Rs 5,000 per month,” says Jaya Jairam, a kidney transplant recipient who heads the Mumbai-based Mohan Foundation, an NGO engaged in promoting organ donation.

Injections taken before and after the transplant surgery racked up a bill of Rs 80,000 in her case, while the family incurred an expense of close to Rs 4 lakh purely for her surgery, in addition to Rs 3 lakh for that of her mother, who donated the kidney. Since they didn’t have a health insurance plan, the family had to pay for all these expenses from their savings.

E.g. 3: *Gurmeet Sahni, 49, Mumbai*
Survivor of: Breast cancer, diagnosed and treated in 2014
Expenses incurred: Rs 7 lakh for surgery, chemotherapy and radiation sessions
Estimated expenses borne out of pocket 3.5 lakh
Funded by: Indemnity-based health insurance cover of Rs 3.5 lakh and savings kitty
Long-term expenses being met out of savings: Rs 50,000 annually, including blood tests, mammography and follow-ups twice a year, besides medication

Non-hospitalisation costs
Most policies cover post-hospitalisation expenses up to 60 days from the date of discharge. Some premium policies even cover for up to 180 days. “Follow-up treatment or medication prescribed post discharge is covered if the expenses arise out of the ailment that resulted in the surgery or hospitalisation,” says Sanjay Datta, Chief, Underwriting, Claims and Reinsurance, ICICI Lombard.

However, the cost of commuting, expenses related to personal comfort, and following prescribed diets at home during chemotherapy sessions, for instance, are not covered. “Only expenses beyond the defined number of days of post-hospitalisation and medicines or tests which are not prescribed at the time of discharge are excluded,” explains Nikhil Apte, Chief Product Officer, Product Factory (Health Insurance), Royal Sundaram General Insurance.

Adds Prasun Sikdar, MD and CEO, Cigna TTK Health Insurance: “All non-medical expenses are typically excluded, like convenience items for personal comfort not consistent with or incidental to the diagnosis and treatment of the illness or injury.” You will have to foot the bill for the same.

This apart, critical illness can hit your income as well. An extended leave from work could lead to salary cuts. “During my chemotherapy cycles, I tried to make the most of the weekends for recovery. However, after four months, I had exhausted my leaves and had to lose out on Rs 15,000-20,000 a month till I was completely fit to resume work,” says Kulkarni.

The antidotes
There is no silver bullet to fight these challenges. You will have to choose a combination of policies to fortify your protection portfolio. Start with a large health cover of at least Rs 5 lakh to cover hospitalisation. Add to this a top-up plan to enhance the overall cover.

To fortify your finances against serious ailments, buy a combination of a regular health plan and cancer care and critical illness policies offered by life insurers and general insurance companies. Both, however, work on the same defined benefit principle.

A lump sum amount is paid out upon the diagnosis of the listed critical illness. This can help cover expenses that are excluded from coverage by an insurance policy, including house modification and 24-hour nursing care. “Also, some are advised to move to a job with lower work pressure. If the primary earner is suffering from the critical illness, this can result in a significant loss of earnings,” says Mahavir Chopra, Director, Health, Accident and Strategic Initiatives, Coverfox.com.

"Individuals can also enhance their plan by availing income benefit option that provides them 1% of sum assured on illness monthly for a fixed period of next five years once a claim for major stage cancer has been admitted," says Anil kumar Singh, Chief Actuarial Officer, Aditya Birla Life Insurance.

While critical illnesses plans seem like the perfect antidote, remember, they are meant to complement your regular health policy, not replace it. "These policies will only pay at a certain stage of the disease. They are also one-time pay policies and end once the payout is made," cautions Vaidyanathan Ramani, Head, Product and Innovation, Policybazaar.com.

Cancer plans offered by several life insurers sanction only 25-30% of the sum insured in case of early-stage cancer treatment. The balance is released in case of a major-stage diagnosis.

As a back-up, it would be wise to create a separate savings pool over a period of time, meant exclusively for health-related expenses. "Invest small sums, as much as you can spare, on a regular basis into a liquid mutual fund while you are healthy. Treat it like an escrow account," suggests financial planner Bhakti Rasal.

The last resort

In many cases, patients often have to use their savings kitty and liquidate investments meant for long-term goals, including equity investments, PPF, National Pension System (NPS) and even the Provident Fund when such crises strike.

These avenues allow premature withdrawals in case of critical illness suffered by self or family members (see box). Even in such cases, however, you need to think through the process. "If you need funds for such treatments early in life, you should consider tapping debt investments like PPF and EPF first. But if you are 50-55, then consider liquidating equity investments on priority," says financial planner Viral Bhatt.

Emergency funds: These long-term options allow withdrawals for treatment

Provident Fund	Subscriber can withdraw* the lower of six months' basic wages plus dearness allowance or the employee's contribution with interest.
Public Provident Fund	Investor can withdraw up to 50% of the balance at the end of the fourth financial year immediately proceeding the year of withdrawal or up to 50% of the balance at the end of the year before planned withdrawal, whichever is lower.
NPS	Up to 25% of contributions can be withdrawn for medical treatment. But investor should have completed at least three years.
Endowment policies	Loans can be taken against the policy, or it can be surrendered by forgoing some benefits. This is possible only if the policy has completed three years.
Ulips	10-20% of premiums paid till date, or 25% of the fund value, depending on the insurer and the policy's terms. This is possible only after the five-year lock-in period.

**In case of treatment of individual/family member's critical illnesses*

For healthy individuals, stressing on the importance of being prepared for critical illnesses might seem like scaremongering, but survivors like Kulkarni firmly believe in the 'health first' approach. "Being financially prepared for health emergency needs to take precedence over all other goals. These goals can reach fruition only if you are in a position to meet treatment expenses without exerting undue strain on your finances," he says.

TOP

Source

Gujarat tops in implementing Ayushman Bharat - The Economic Times – 25th November 2018

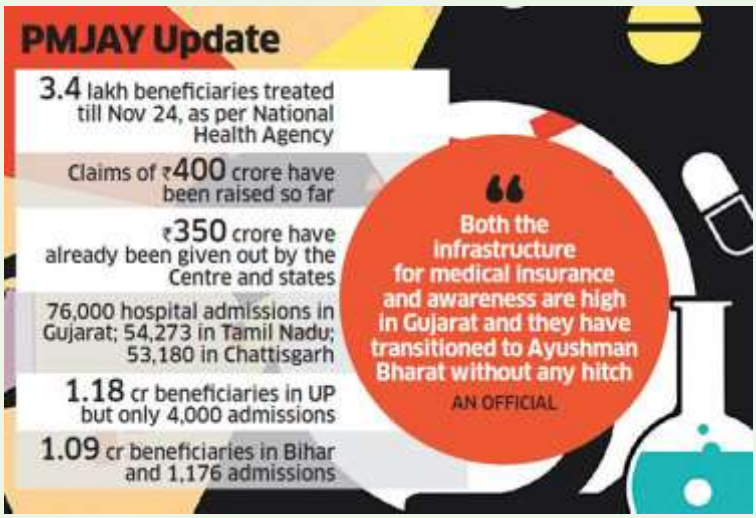
Two months after the launch of Ayushman Bharat-Pradhan Mantri Jan ArogyaYojana, Gujarat has emerged as the top performer of the Centre's ambitious health financing scheme. As of November 23, the Prime Minister's home state accounted for around 26% of the total number of hospital admissions cleared under the scheme so far.

AB-PMJAY, which was launched on September 23, promises health coverage of Rs 5 lakh per family to over 10 crore poor families. Over 3.4 lakh beneficiaries have been treated under the scheme since its launch until November 24, according to the National Health Agency.

Claims of Rs 400 crore have been raised under this scheme so far, of which Rs 350 crore has already been given out by the Centre and states, said a senior government official, requesting anonymity.

Earlier this month, the finance ministry was asked for an additional Rs 2,000 crore to keep the scheme running for the rest of this financial year, ET has learnt.

While Gujarat clocked in around 76,000 hospital admissions since September 23, Tamil Nadu ranked second at 54,273 and Chattisgarh third at 53,180, according to data from the health ministry. Karnataka and Maharashtra, which came on board for the scheme close to its launch, also rank among the top five performers at 40,216 and 27,237, respectively, ET has learned.



However, government data shows that Uttar Pradesh and Bihar, where the number of AB-PMJAY beneficiaries are the highest, still rank among the lowest performers so far.

Uttar Pradesh, which has verified 1.18 crore families as beneficiaries, has carried out 4,000 admissions in the last two months. Bihar, with 1.09 crore families identified as beneficiaries, conducted 1,176 admissions as of November 23.

A senior central official told ET that one reason behind Gujarat's success is that it has already been implementing a similar scheme, known as the Mukhyamantri Amrutam 'MA' Yojana, since 2012. The scheme, which was launched by Narendra Modi as chief minister, offered medical coverage of Rs 3 lakh to below poverty line (BPL) and lower middle class families.

"Both the infrastructure for medical insurance and awareness are high in Gujarat and they have transitioned to Ayushman Bharat without any hitch, as it offers higher insurance cover of Rs 5 lakh," the official said.

"In comparison, states like Uttar Pradesh and Bihar have never had a medical insurance scheme as such and it will take some time for awareness levels to rise there," the official said.

However, the two states have been picking up pace of their progress and are expected to join the ranks of best performers in implementing the scheme in the next six months, AB-PMJAY CEO InduBhushan said.

Uttar Pradesh had carried out only around 1,000 admissions in the first month of the scheme's launch, while Bihar had only managed 100-200 in that time, according to data from NHA.

"Once Uttar Pradesh picks up, it will be giving us 3,000-4,000 (admissions) per day because of the huge number of beneficiaries. Compared to how they were performing earlier, Bihar has also picked up," Bhushan told ET. "Once the scheme takes root in all states over the next six months or so, we should be getting 10 lakh admissions (in total across India) per month. We are growing exponentially."

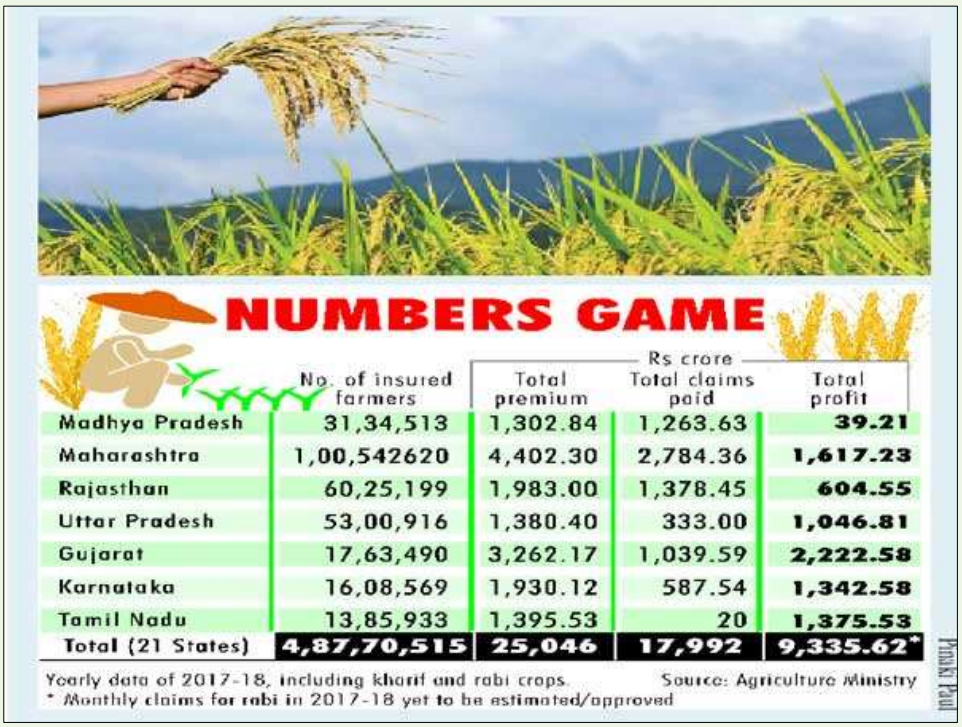
TOP

Source

CROP INSURANCE

PMFBY a boon for general insurers - Financial Chronicle – 28th November 2018

General insurers have minted money in the last two years out of the government's flagship scheme — Pradhan Mantri Fasal Bima Yojana (PMFBY), which has proved be a boon for the insurers and a bane for the farmers having additional burden of premium. Over the last 2 years, about 10 general insurance firms in the country, including the state-owned Agriculture Insurance Company (AIC), have accumulated a sum of over Rs 16,000 crore from farmers across India who ended up paying premiums to them for insuring their crops.



NUMBERS GAME

	No. of insured farmers	Rs crore: Total premium	Rs crore: Total claims paid	Rs crore: Total profit
Madhya Pradesh	31,34,513	1,302.84	1,263.63	39.21
Maharashtra	1,00,542620	4,402.30	2,784.36	1,617.23
Rajasthan	60,25,199	1,983.00	1,378.45	604.55
Uttar Pradesh	53,00,916	1,380.40	333.00	1,046.81
Gujarat	17,63,490	3,262.17	1,039.59	2,222.58
Karnataka	16,08,569	1,930.12	587.54	1,342.58
Tamil Nadu	13,85,933	1,395.53	20	1,375.53
Total (21 States)	4,87,70,515	25,046	17,992	9,335.62*

Yearly data of 2017-18, including kharif and rabi crops. Source: Agriculture Ministry
* Monthly claims for rabi in 2017-18 yet to be estimated/approved

Revealing the fact while replying to an RTI query, the agriculture ministry said about 10 private insurance companies have earned Rs 15,795 crore in premium over a two-year period ending March 2018. AIC, the only state-owned insurance firm in the list claimed the lion's share. In the year 2016-17, AIC earned a premium of Rs 7,984.56 crore by insuring crops of 246,83,612 farmers in 21 states.

The RTI, filed by Jalandhar-based activist PP Kapoor, showed that insurance companies earned huge profits of Rs 1,862.32 crore alone in Madhya Pradesh in 2016-17 when they had insured over 71.81 lakh farmers. The following year, over 2.90 lakh fewer farmers insured their crops and profits of these companies plummeted to just Rs 39.21 crore.

According to the agriculture ministry data, out of total Rs 17, 992 crore of estimated claims, Rs 16,827 crore corresponds to 10 kharif crops in which Rs 16,084 crore has been approved and Rs 15,572 crore has been paid.

"In Maharashtra, only about 1 crore farmers were insured in 2017-18 and yet the insurers made a profit of Rs 1,617.94 crore. In 2016-17, 1.20 crore farmers were insured and the companies made a profit of Rs 2,424.23 crore in the same state," the ministry data said.

Similarly, Gujarat was probably the only state where the number of farmers who insured their crops increased during these two years. In 2016-17, the figure was 5.20 lakh but it grew exponentially to over 17.63 lakh the following year. Simultaneously, the profits of the insurers also shot up from Rs 40.07 crore in 2016-17 to Rs 2,222.58 crore in 2017-18. Haryana was another state that saw the number of farmers insuring their crops and profits of insurers rising.

In Tamil Nadu too the insurance companies' profit stood at Rs 1,375 crore in 2017-18 despite decline in the number of farmers.

The data also showed that BJP-ruled Madhya Pradesh witnessed the maximum fall in the number of beneficiaries, registering a decline of 40.47 lakh in 2017-18, followed by Rajasthan which saw reduction

of 31.25 beneficiaries. "Maharashtra registered a decline of 19.47 lakh, from 1.09 crore in 2016-17 to 89.53 lakh in 2017-18. Uttar Pradesh came next, where the numbers dipped by 14.69 lakh, from 37.17 lakh to 22.48 lakh, during the time period," the RTI reply said.

The data also pointed out that the numbers of farmers who had availed the insurance cover stood at 5.7 crore in 2016-17, but came down to 4.9 crore in 2017-18. "Despite the fall in the number of farmers insured and the coverage area, the profit of the insurance companies has not fallen. In 2016-17, these companies paid a compensation of Rs 17,902.47 crore and earned a profit of Rs 6,459.64 crore. In 2017-18, they paid over Rs 2,000 crore less in compensation. This made their profits swell to Rs 9,335.62 crore," the data said.

The outgo in compensation during 2017-18 stood at just Rs 15,710.25 crore. For 2017-18, as many as 3.73 crore farmers have applied under PMFBY for kharif crops, while 1.52 crore farmers applied for rabi crops.

Officials at the agriculture ministry said the number of farmers declined due to tedious process of settlement of insurance claims by insurance companies. "Claim settlement requires long time for physical verification of insured crop, which could be an important reason that deprived the farmers of the benefits of the scheme," an official said.

"In most of the cases, insurers don't investigate losses due to a local calamity and, therefore, don't pay claims. Another reason for low claim settlement could be delay in states releasing their share of subsidy," the official added.

As per rules under the PMFBY, farmers need to be paid 12 per cent interest by insurance companies for any delay in settlement of claims beyond two months of the prescribed cut-off date, while states will have to pay 12 per cent interest for the delay in release of their share of premium beyond three months. This penalty provisions came into effect on October 1 and will be applicable for all seasons in the future.

TOP

Source

Centre eases insurance claim rules for farmers – Hindustan Times – 27th November 2018

The Union government has introduced several norms tightening the Pradhan Mantri FasalBimaYojana (PMFBY), its flagship farm insurance scheme. One of the new rules taking effect on November 30, reviewed by Hindustan Times, says that claims of farmers not cleared by insurance firms within two months of harvest will be "automatically approved".

As with any insurance policy, claims need to be approved by insurance firms for policyholders to get compensation. The new rule means insurance firms will not be able to verify claims or carry out further checks to ascertain the validity of claims of farmers if they don't do it within two months.

"Beyond the two-month deadline, all claims will be auto approved by the PMFBY portal (website)," an official said, requesting anonymity. With this new "auto approval" guideline, the government hopes to deal with what a major reason of farmer angst concerning the scheme: delayed payments.

If farmers don't get insurance payouts for one season in time, it affects their ability to invest in crops for the next season. A centralized website governing the farm-insurance programme has been updated with an in-built feature to make this "auto approval feature" operational.

Among key changes to the politically important scheme, participating insurance companies will now have to spend 0.5% of the gross premium collected on raising "awareness about the scheme among farmers". State governments will have to devote 2% of their annual budget to a slew of measures tied to the farm insurance programme.

These include administrative expenses to speed up processing of claims. This 2% share will also go towards meeting expenses for yield and loss assessment, crucial for timely payouts.

The 2% share from the budget will also be used for purchase of smart phones through which yield losses need to be estimated via an android app developed for the purpose. Other expenses include setting up of state technical support teams.

According to Ashok Gulati, an economist with the think-tank ICRIER, if the Pradhan Mantri Fasal Bima Yojana scheme is to achieve its most critical goal — timely payouts to farmers — it can't fly without a raft of high-end technological fixes, from drones to even a new constellation of satellites for accurate crop damage assessments.

In an earlier round of changes, the government had decided to slap a 12% interest on insurance firms (to be paid to farmers) for delay of more than 2 months in claim settlement.

Moreover, a 12% interest must be paid by states too for delay of more than 3 months in releasing their state of subsidy. Under the Pradhan Mantri Fasal BimaYojana, farmers have to pay between 1-2% of the total premium. The rest is shared between the Centre and states equally.

TOP

Source

Crop insurance a 'scam' - The Tribune – 26th November 2018

Delhi CM Arvind Kejriwal on Sunday raised questions about the Pradhan Mantri Fasal Bima Yojana (PMFBY) and said it was a big scam in the name of insurance. He appealed to his Haryana counterpart Manohar Lal Khattar to abolish the scheme and, instead, launch a new compensation scheme for farmers in the state.

He said this while interacting with the media in Israna rest house on Sunday after visiting the bereaved family of farmer Surjeet Singh of Baandh village. Surjeet, who was under a heavy debt, had died of heart attack in his fields on Friday.

He was accompanied by Delhi MLA Sukhbir Dalal and state AAP president Naveen Jaihind. "The condition of farmers is pathetic. They are committing suicide because of heavy debt. Surjeet died of shock after his crop was damaged. He had a debt of around Rs21 lakh," the AAP chief said.

He announced help for the bereaved family. "As the Delhi CM, I have my limitation in helping out Surjeet's family. But my government will bear the education expanses of his two children," Kejriwal said.

On the PMFBY, he said farmers were being looted in the guise of a scheme. "Without confirming from farmers, premium is being deducted from their accounts." — TNS

TOP

Source

Extend deadline to enrol for crop insurance scheme, CM tells PM – The Hindu – 25th November 2018

Chief Minister Edappadi K. Palaniswami has urged Prime Minister Narendra Modi to ensure that the deadline for enrolment of farmers under the new crop insurance scheme is extended by a month. Currently, the last date for registration is November 30, an official in the Agriculture Department said.
The request for the extension of the deadline was made in the wake of the devastation caused by Cyclone Gaja in many districts of the State.

Both the farmers looking to enroll and the officials entrusted with the task of getting the agriculturists covered have been hit by the cyclone. While the farmers are yet to reconcile themselves with the havoc caused by the cyclone, the officials have had to turn their attention to the immediate task of providing relief and ensuring the restoration of normalcy.

In the meantime, the Tamil Nadu Agriculture Department has permitted Assistant Agricultural Officers to issue sowing certificates — a pre-requisite for insurance policy enrolment — to both loanee and non-loanee farmers. Originally, Village Administrative Officers (VAOs) were tasked with issuing the

certificates. But they are now being deployed for restoration work, making it difficult for the farmers to get the documents.

Letter to stakeholders

Principal Secretary (Agriculture) Gagandeep Singh Bedi has written to District Collectors and officers in charge of cooperative societies, banks and agricultural insurance companies, seeking their cooperation in facilitating hassle-free enrolment of farmers raising crops in the samba cultivation season before the cut-off date.This assumes importance as the samba season is the main season for cultivation in Tamil Nadu.

TOP

Source

Weather-based crop insurance expected next year - The Economic Times – 24th November 2018

A global flood risk modeller has said it is expanding its insurance pricing scheme to cover the impact of weather on crops in India, coinciding with the start of rabi season.

JBA Risk Management Managing Director Iain Willis said the India Weather-Based Crop Insurance Scheme (WBCIS) is expected next year.

The WBCIS is a follow-up to the India Crop Model launched on November 13, which is based on 10,000-year probabilistic data. The Indian Crop Model facilitates risk management and (re)insurance pricing within the guidelines of the PMFBY, Willis said.

He said 70 per cent of the crop performance is impacted by inclement weather.

Willis said the new model launch coincided with the start of rabi (winter) crop growing season and amid increasing evidence that a period of El Nino weather patterns will likely prevail from late 2018 into 2019.

"Crop simulations ran using historic climate data suggest that some major Indian rain fed crops, including soybean and groundnut, are particularly vulnerable to these changes during El Nino years and can be adversely affected," he elaborated. The crop model through data simulation.

"To facilitate and support this vital and ambitious goal (of PMFBY), it is hugely important to have robust models in place to help assess the nature of the risk and exposure to the market," said Tom Graham, head of Regional Treaty Development at Chaucer in Singapore.

The India Crop Model is intended for use by (re)insurances to help them price and assess their exposures within the PMFBY India Crop Insurance Scheme. The PMFBY covers about 90 per cent of the crop insurance in India, around 70 per cent of which is for the summer (kharif) crops.

It covers some 40 million of farmers while the government has a goal to cover 50 per cent of the 130 million farmers.

TOP

Source

MOTOR INSURANCE

Taxi sales could grind to a halt across India - The Economic Times – 29th November 2018

Taxi sales could grind to a halt across India — further slamming the brakes on a decelerating automobile industry — as the Insurance Regulatory Development Authority of India (IRDAI) is yet to fix a uniform price point for selling three-year, third-party insurance covers for vehicles used as cabs.

Several industry executives ET spoke to confirmed that taxi-cab sales have come to a halt in Delhi, Maharashtra, and Madhya Pradesh in the past two weeks. Regional Transport Offices (RTOs) are refusing

registrations after a roads ministry circular, dated November 12, mandated a three year, third-party insurance cover for both non-transport and transport vehicles.

Sales and registrations of taxis could stop across the country in the next few days, as the price point of the required insurance product for the segment is yet to be approved by the regulator, industry executives said. App-based cab aggregators and fleet operators purchase about 240,000 vehicles annually. IRDAI officials could not be reached for comment.

Taxis were, so far, being registered on purchasing a one-year, third-party insurance cover. In an order dated November 12, 2018, the Ministry of Road, Transport & Highways said: "...It has come to notice that some states are not entertaining third-party insurance in respect of new transport category vehicles for the period of three years. It is reiterated in this connection that as per... Supreme Court's order, it is mandatory to get third-party insurance for a period of three years, whether it is used for transport or non transport purpose."

Third-party insurance premiums for vehicles used for commercial purposes are higher than those for private cars as they are more prone to accidents.

"IRDAI had notified price points for three-year, third-party insurance covers only for personal cars. Now, with the roads ministry clarifying that the court order is applicable to the taxi segment as well, RTOs have stopped registering vehicles used for commercial purposes as the relevant insurance product is not available in the market," a senior executive with a leading carmaker said, on the condition of anonymity.

In an order dated July 20, 2018, the SC held that consumers would have to mandatorily pay upfront three and five years' third-party insurance premiums on purchasing new cars and two-wheelers, respectively, starting September 1, 2018.

Earlier, owners had to buy one year third-party insurance cover, which they could renew annually. The order raising upfront insurance costs, with interest rates, hit passenger vehicle sales, which declined in the three months to September 2018, before rising 1.6% in October.

TOP

Source

Online car insurance in vogue – The Telegraph – 26th November 2018

Insurance policy aggregator Policybazaar is eyeing a higher market share in the online sale of motor insurance policies in 2018-19.

According to Sajja Praveen Chowdary, head of motor insurance at Policy bazaar, around 18-19 lakh policies insuring private vehicles are expected to be sold online this year.

"We are assuming that our sales would be around 11 lakh," Chowdary said. Last year, the aggregate number of such policies sold online was around 12 lakh and Policy bazaar's sales were around 5.7 lakh.

Chowdary said offering the option of different insurance companies to help consumers select a plan of their choice along with digital initiatives such as using mobile device to capture videos and register claims has helped the company retain its existing customers as well as bring in new ones.

However, Chowdary said even with the availability of online option, around 95 per cent of the new motor insurance policies were being sold through offline channels, particularly directly through motor dealers who package the car and policy payment. As a result, majority of the customers buying policy online are not first time buyers.

Moreover, with the introduction of a mandatory three-year third party insurance for cars and five-year third party insurance for two-wheelers from September this year, the company is gearing up to negate any impact of loss in the annual business of insurance renewals.

The cost of purchasing a motor insurance policy for new vehicle has significantly gone up following the introduction of long-term insurance. For instance, the mandatory third-party premium for a private car

with an engine capacity of 1000-1500cc is now Rs 9,534 against Rs 2,863 payable earlier. Along with own damage premium, the overall cost of insuring a new car or a two-wheeler has increased multi-fold.

"The trend is expected to change in the long run as customers become more aware of the convenience and benefits of purchasing online policies. As online aggregators, we offer technology driven solutions for faster claims settlement," Chowdary said.

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SURVEY & REPORTS

Indian finance, insurance companies twice more likely than US firms to detect frauds, shows survey – Financial Express – 28th November 2018

Finance and insurance companies in India are twice more likely than the finance companies in the US to detect a fraud. The major hurdle for decision makers in this industry is how to fight fraud while ensuring that their prospective customers have a good experience, according to the Trans Union Cibil Fraud trend 2018 report.

About 62% of Indian financial services firms believe that many solutions to detect and prevent a fraud lack the flexibility to adjust in real time, the PTI reported citing the survey. Indian companies also struggle with the end-user authentication process, which results in poor customer experience.

According to the survey, nearly 75% of the Indian financial services companies look at the return on investment (ROI) of their fraud detection and ID verification solutions through improved customer experience. The online survey was conducted by Forrester on behalf of Trans Union Cibil in financial services and insurance firms in India, Canada and the US to evaluate the state of fraud detection and ID verification.

The survey showed that one of the major problems for the insurance companies was verification of identities as fraudsters are doing three main types of fraud – identity theft, soft fraud and hard fraud.

While hard fraud pertains to policyholders or applicants deliberately showing a loss for financial gain, soft fraud means providing wrong information to a lower premium or misrepresents the value of a claimed item. Identity theft is related to using the stolen identity to apply for insurance or file a claim.

"Customers are demanding exceptional experiences throughout the insurance process. This means that false alerts, detection, prevention procedures and the investigations that go with it can negatively impact their customer experience," Trans Union Cibil's managing director and CEO, Satish Pillai, said.

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OPINION

How insurance can offer guaranteed protection to your dreams and goals - Financial Chronicle – 26th November 2018

Simran Kapoor, 28, a bank employee, has clearly defined her life goals and has prepared a savings oriented financial plan. However, a secular drop in interest rates in the last few years has impacted her financial planning and has put her plan at big risk. The real risk is falling short of the required corpus for life goals like marriage, world tour, child's education, and/or retirement. Additionally, her basic savings oriented plan isn't ensuring her family's protection. With falling rupee, rising crude oil prices and moreover falling interest rates, many investors today are facing this predicament. This is where the need for an investment plan that comes with the advantage of guaranteed returns becomes necessary.

We all work hard, cut expenses, plan investments and save money to ensure that our future is financially secure. Apart from the current expenses, every financial requirement is just getting costlier with each passing year. Therefore, it is imperative to have clarity on the amount of return expected after a fixed period of time to meet all the future goals. However, with traditional savings at the moment there is none. In view of this situation, this is the right time for individuals to understand and evaluate alternate investment options which offer guaranteed returns, despite changes in the interest rates and market conditions.

Clearly, considering the current scenario, life insurance, especially the one that offers guaranteed returns with a life protection aspect, poses as one of the attractive propositions.

Offers better and guaranteed returns for longer period: In comparison with other traditional saving options, good guaranteed return life insurance products offer better returns on a tax-adjusted basis for a much longer term. The longer the term of the policy the better is the total benefit or the return.

Blend of insurance and savings: Such plans offer a dual benefit of insurance and redemption of money at regular intervals to people who seek a financial tool offering low-risk guaranteed returns. It allows policyholders to grow their wealth through investment opportunities besides offering protection. It also offers payout if the life covered meets with an untimely death, ensuring that even if the policyholder is not around, his/her dear ones will always get the promised money.

Such policies are most beneficial for:
1. Paying off debts: Guaranteed return life insurance plan allows an individual to opt for small but regular investments leading to an assured return, which can help repay debts without compromising on one's lifestyle. With regular savings and assured return, one can pay off his/her debts on time and be liability free.

2. Fulfilling dreams and goals: If one's dream is to own a big beautiful bungalow, send kids abroad for higher education, travel the world with his or her spouse or retire early to follow his/her passion, one needs to have disciplined planning and a fixed sum to fulfill the same. The guaranteed return plans encourage long-term savings supplementing income while making sure that these dreams and goals remain achievable without any disruption.

3. Assured risk-free returns: In today's scenario, a guaranteed return life insurance policy is one of the only instruments that are promising fixed and assured amount after a designated period.

Who should purchase these plans?
Anyone who desires to grow his/her hard earned money through a low-risk financial instrument; such policies are the best bet. Also, it can be great saving options for youngsters and individuals who spend excessively without keeping any financial back up. Such policies provide significant savings in hand after a certain period by encouraging a disciplined route of savings. Anyone who is looking for an assured avenue to cover the following three areas should opt for a guaranteed return plan:

a) Protect and ensure financial stability of loved ones
b) Achieve desired financial goals
c) Achieve investment objectives over a longer period of time

While such plans are extremely beneficial for the low and the middle income groups for stable wealth generation, these plans are equally useful for the high income bracket as financial instruments to hedge against uncertainties.

How to select an appropriate plan offering guaranteed returns?
Selecting the right plan will depend on the payout structure an individual desires. Some plans will offer payouts at regular intervals while some will offer a lump sum payout. While, in some cases the payout is done post maturity for a certain number of years. One has to be cognizant of the cash flows required during important future milestones and opt for a plan post complete need analysis. One should evaluate his/her future financial requirements, current life stage, medical condition, income and risk taking

ability. One should also check the return offered by the company, its customer service, claim settlement ratio, track record of the company and its financial stability and brand reputation.

Important to begin early – To make the most of these plans it makes sense to begin early as it offers longer horizon to invest. It helps the policyholder to accumulate a vast corpus over time owing to the power of compounding.

In a nutshell, insurance products offering guaranteed returns will support one to:
-Secure one's and his/her family's future with guaranteed returns on cumulative premiums.
-Better safeguard their financial needs and milestones with fixed returns.
-Helps diversify one's investment and savings portfolio.
-Create a corpus to fulfill short term to long term goals as per one's choice.
-Secure family's future with life cover (death benefit) for entire policy term and provide risk free returns.

Therefore, individuals who are looking for a holistic financial plan that will offer assured savings, provide a steady flow of income at pre-specified interval while offering the protection of a life insurance plan can benefit from a guaranteed return life insurance policy. It allows one to aspire, and fulfill one's aspirations making sure that while nothing is certain, it does not mean one has to let go of their and their family's dreams and goals.

(The author is chief distribution officer with Aditya Birla Sun Life Insurance)

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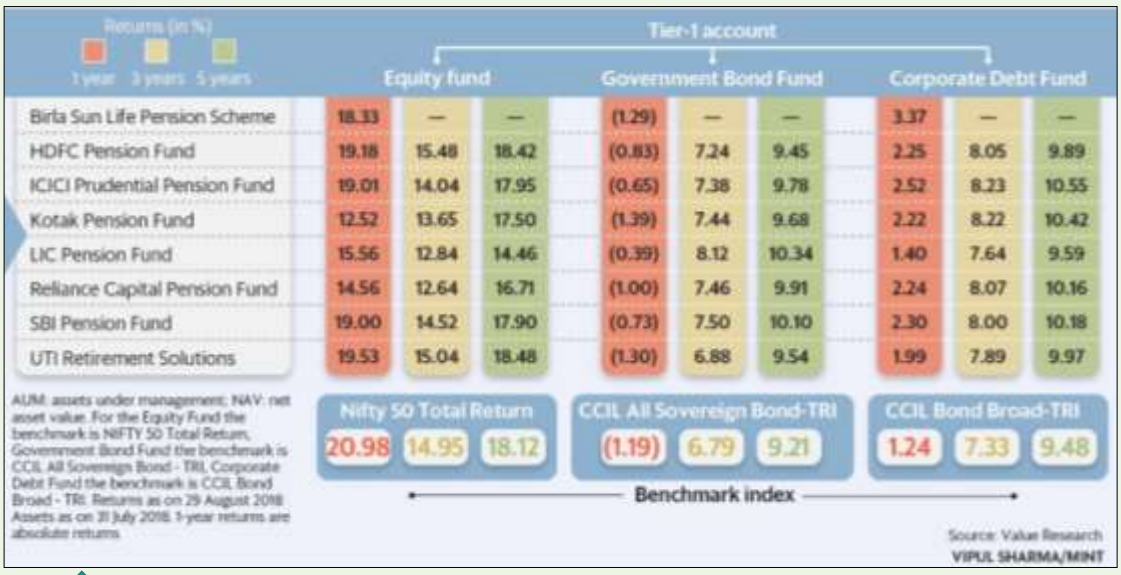
PENSION

NPS schemes performance: How your investments are faring – Mint – 26th November 2018

There are very few retirement products that help you accumulate a retirement nest egg and one such product is the National Pension System (NPS). NPS is a market linked, defined-contribution product that needs you to invest regularly in the funds of your choice. Being a market-linked product, returns are based on the performance of the fund that you choose. There are eight pension fund managers to choose from and one of the ways to choose your fund manager is by tracking the returns.

Here is a breakdown of the performance of different funds of the private sector NPS.



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IRDAI CIRCULAR

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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GLOBAL NEWS

Indonesia: Takaful growth is forecast to be robust in 2019 – Asia Insurance Review

The Islamic insurance industry in Indonesia is expected to expand next year at a double-digit growth rate. This will be due to the increase in the number of new players and a requirement to acquire umrah and hajj travel insurance.

Chairman of the Indonesian Shariah Insurance Association (AASI) Ahmad Sya'roni said that premium growth for takaful is estimated to be 10-11% in 2019, according to a report by Kontan. Based on association data, this year's premium volume is expected to reach IDR14.1 trn ($983m).

The share of Islamic insurance in the overall insurance market stands at around 5% this year and is set to increase next year.

Mr. .Sya'roni expects that there will be five new insurance companies that would be ready to offer takaful next year. This year to date, the market saw seven additional Shariah insurance players. Currently, there are 63 Islamic insurance companies, consisting of 30 family takaful operators, 30 general takaful operators and three Shariah reinsurance firms.

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China: Non-auto insurance sector - Growth or risk engine? – Asia Insurance Review

The P&C sector has turned to the non-auto insurance sector this year, following the downturn in the auto insurance sector. In particular, the agriculture and liability insurance segments have boomed this year. However, the expansion and diversification into these new lines of businesses is not without risk, says S&P Global Ratings.

The increasing frequency of natural catastrophes generated losses for agriculture insurance. Furthermore, the underwriting of liability lines requires specialised knowledge that is lacking in China. To cushion against this higher risk, the required capital from insurers when underwriting such risks is also the among the highest under C-ROSS.

In addition, increasing defaults among retail peer-to-peer lending platforms had raised issues about the profitability of credit guarantee insurance underwritten by Chinese P&C insurers. S&P continues to perceive this line of business as risky, given its high correlation with economic trends.

Capitalisation has weakened as Chinese P&C insurers venture into non-auto segments that are more capital intensive than other sectors. At the same time, the insurers have invested aggressively to boost investment yield and maintained returns to shareholders and dividend payouts. As a result, Chinese P&C insurers had increased leverage through issuance of subordinated debt/Tier Two instruments.

In S&P's view, these instruments are pure debt with limited equity content. The widening gap between the core and comprehensive solvency ratio signifies the increasing reliance on debt financing and insurers' sensitivity to funding costs.

What's more, the unprecedented strength of this year's typhoons brings a timely reminder about catastrophe losses and unmodelled risk exposures for Chinese P&C insurers as they diversify to non-auto commercial lines.

S&P expects the losses (mostly related to property damage, business interruption, and motor losses) to prompt greater pricing discipline and risk awareness about natural catastrophes. In addition, the rapid urbanisation of coastal cities could mean historical data are obsolete, pushing insurers to increase usage of technology to obtain real-time information on their decants. More typhoons point to higher catastrophe losses.

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Indonesia: Non-life sector sees 8% premium growth in first 9 months – Asia Insurance Review

The general insurance industry in Indonesia has posted an increase of 8.3% in premium income to IDR47.9trn ($3.3bn) for the first three quarters of this year, according to the Indonesian General Insurance Association (AAUI). AAUI deputy chairman Ms.Trinita Situmeang explained, there were four lines of business that saw premium declines during the period, according to a report by Katadata.

She said, "Four lines of business experienced negative growth, namely: property insurance, -6.4%; ship, -4.4%; energy, -3%; and engineering, -6.7%." She added that overall premium growth was still helped by the motor business line that is growing fast.

According to Ms.Trinita, the negative performance of property insurance was due to the slowing growth of residential property sales in the third quarter of this year. Property insurance contributed 25.5% to overall industry premium income. Meanwhile, vehicle insurance recorded growth of 10.5% to IDR13.8trn because of increased sales of vehicles.

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Malaysia: Social health insurance scheme expanded to cover 36 critical illnesses – Asia Insurance Review

The government will expand healthcare coverage under the national health protection fund for the B40 group to cover 36 major critical illnesses, Finance Minister Lim Guan Eng said over the weekend. This is an expansion from the initial four critical illnesses announced in the 2019 Budget, reports the Bernama news agency. The social health insurance scheme for the bottom 40% of the population will be rolled out on 1 January next year.

Mr. Lim said that under the scheme, those in the B40 group who are hospitalised in government hospitals could apply to get MYR50 ($12) daily for a maximum of 14 days or MYR700 a year.

He said, “This will be given free to the B40 group and they need not pay for insurance. This is the first time the government is rolling this out to the B40 group as we know they can't afford to pay for health insurance.”

The social health insurance scheme for the B40 would be managed by Bank Negara Malaysia. “There is no need to fill any forms as everything will be conducted online,” he added. “The patient needs to prove that he or she is warded and suffering from one of the critical illnesses.”

He said Bank Negara would launch a website on the social health insurance scheme for the B40 next month, which will enable the target group to get more information about it.

Great Eastern Holdings (GEHL), which owns 100% of Great Eastern Malaysia, will contribute MYR2bn to the medical scheme, in lieu of cutting its stake in the Malaysian subsidiary down to at most 70%. Other foreign insurers which have wholly owned Malaysian units are expected to follow suit.

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Hong Kong: Regulator consults on requirements for licensed insurance brokers – Asia Insurance Review

The Insurance Authority (IA) has launched a two-month public consultation on draft rules for licensed insurance brokers.

The draft Insurance (Financial and Other Requirements for Licensed Insurance Broker Companies) Rules are mainly modelled on the relevant requirements for insurance brokers set out in the Guideline on Minimum Requirements for Insurance Brokers issued by the IA in 2017. The draft Rules set out the requirements in relation to:
(i) paid-up capital and net assets,
(ii) professional indemnity insurance (PII),
(iii) keeping of separate client accounts,
(iv) keeping of proper books and accounts and
(v) Submission of audit and related information.

Since the existing requirements were set some two decades ago, the IA proposes to update and refine certain requirements to take into account price level changes and other developments to enhance protection for policy holders and foster sustainable development in the insurance sector.

The major proposals include raising the minimum amounts of paid-up capital and net assets of an insurance broker company (from HK$100,000 [$12,775] to HK$500,000) and the amount of minimum indemnity limit (from HK$3m to HK$5m) for its PII. Such proposals will help ensure that an insurance broker company has sufficient financial resources to meet its operational needs and potential claims for professional negligence against it.

The draft Rules will be effective upon the commencement of the new regulatory regime for insurance intermediaries and applicable to newly licensed insurance broker companies.

In relation to existing insurance brokers, the IA proposes to provide a transitional period of some three years to ensure they have sufficient time to raise their paid-up capital and net assets, and to arrange the PII. Detailed transitional arrangements are set out in the draft Rules.

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