भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

INSUNEWS

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QUOTE OF THE WEEK

"Corporate culture matters. How management chooses to treat its people impacts everything - for better or for worse."

– Simon Sinek

INSIDE THE ISSUE

INSURANCE INDUSTRY

Madurai bull tamers get Rs 2 lakh insurance cover at Rs 12 premium – The Times of India – 14th January 2019

In what seems to be a first-of-its-kind initiative, the Madurai district administration on Sunday announced a compulsory insurance scheme for bull tamers in case of death while participating in jallikattu events this year.

The bull tamers have been instructed to mandatorily apply for insurance under Pradhan Mantri Suraksha Bima Yojana (PMSBY) scheme on Monday, for which premium of Rs 12/- would be charged. Under PMSBY scheme, the risk coverage is Rs 2 lakh/- for accidental death.

District collector S Natarajan told TOI that the district administration introduced the initiative so that the bull-tamers wouldn't need to undergo too much stress or tension before taking part in the jallikattu. "By insuring, they could compete in jallikattu with a free mind," the collector mentioned. He added that the other major reason to introduce the scheme was that when the district administration enquired, many bull-tamers had not applied for any insurance.

The bull tamers have been instructed that they would be allowed to enter the jallikattu events in Madurai district this year, only if they applied for the insurance. The insurance could be claimed by a bull-tamer in case of death in jallikattu event held anywhere across the state.

The bull tamers have been asked to visit their respective/ nearby banks on Monday and fill up forms to avail the insurance. The district administration said that in case of death in jallikattu event held anywhere across the state.

The bull tamers have been asked to visit their respective/ nearby banks on Monday and fill up forms to avail the insurance. The district administration said that in case of no bank account, an account would be opened on the spot. The insurance would be valid for up to one year and could to be renewed post that.

Bull tamers expressed that though they welcomed the initiative, since jallikattu season in the district is set to begin on Tuesday, it could have been more convenient for them if this was announced earlier.

Meanwhile, the district collector also announced that the Avaniyapuramjallikattu would be extended up to a total of one hour and would be held from 8am to 4pm. It was initially announced that it would till 3pm.

The bull registration for Avaniyapuramjallikattu – scheduled on January 15 – and Palamedujallikattu – scheduled on January 16 – was held on Sunday. A total of 691 bulls were registered for Avaniyapuramjallikattu, while the total number of bulls registered for Palamedujallikattu was yet to be ascertained.

TOP

Source

Nominate the right person for your life, health and pension plans – Mint – 14th January 2019

Appointing the right nominee for your insurance and pension plans is as important as purchasing or investing in them because these products help secure the financial needs of your dependants.

"There have been cases where people have made brothers, sisters, cousins and friends as their nominees and legal heirs like spouse and children have not received any benefit from the life insurance policies of

the deceased, leading to court cases between the nominees and legal heirs," said Mahavir Chopra, director-health, life and strategic initiatives, Coverfox.com.

Insurance

While buying a life or health policy, make sure you don't miss out mentioning the nominees in the proposal form, just because it's not mandatory to do so. Mention the names and relationships with nominees to make the claims process smoother.

The Insurance Regulatory and Development Authority of India (Irdai) amended the Insurance Act, 2015 to create a category called "beneficial nominee". Your spouse and blood relatives such as children and parents automatically become beneficial nominees. This way the insurer can make the payment at the earliest possible.

"It is best to complete the nomination activity at the time of filling up the life insurance proposal form. There can also come a time when the nominated person is no more. Hence, the insured would have to nominate another person to receive the benefits of his policy," said Chopra.

Nominees must inform the insurer at the earliest and submit death certificate, age proof, original copy of the insurance policy, and nominee identity proof, in case of a natural death. If the death has occurred due to an accident, copies of the FIR and the post-mortem report must be submitted.

In case of health insurance where the insured dies after hospitalisation, nominees can claim reimbursement by submitting medical bills, death certificate, identity and relationship proof. For group policies, nominees can be declared at the time of the policy issuance and payouts happen accordingly. "If the nominee is not declared upfront in a group policy, the legal heir of the employee can claim the amount," said Abhishek Bondia, principal officer and managing director, SecureNow.in.

In case of National Pension Scheme (NPS), the subscriber is required to appoint three nominees and specify the percentage of savings for each. The nominees can be changed at any point.

In case a nominee is not alive, the legal heir of the deceased can claim the corpus by producing a certificate or affidavit confirming legality. The legal heir can then approach a point of presence (POP) with which the NPS account of the subscriber is associated and submit the required documents such as original Permanent Retirement Account Number (PRAN) card, legal heir certificate, cancelled cheque and claim form.

"After these documents are processed and verified, POP sends the information to the Central Recordkeeping Agency where the request is executed," said Sumit Shukla, CEO, HDFC Pension Management Co. Ltd. "Nominee or the legal heir should ensure that all the documents are submitted as per the requirement of the service provider. This would ensure smooth processing and faster transfer of funds."

In case of Employees' Pension Scheme (EPS), the nominee or the legal heir needs to produce her bank details and the death certificate of the subscriber to the Employees' Provident Fund Organisation (EPFO).

However, remember that a subscriber is eligible to get EPS corpus only if she has contributed to the fund for at least 10 years. "In case a member ceases to be a subscriber to EPS before completion of 10 years, the contribution to EPS lying to the credit of the member will be settled along with the EPF claim, subject to minimum contribution to EPS for at least six months," said Rituparna Chakraborty, executive vice-president and co-founder, Team lease Services. It's best to keep your spouse and family informed about the processes involved.

TOP

Source

Govt plans insurance scheme for GST-registered small traders - The Hindu Business Line – 11th January 2019

Ahead of the general elections, the government is considering an insurance scheme for lakhs of GST-registered small and medium scale traders with a view to address certain concerns of this segment.

According to sources, the scheme may provide accidental insurance cover on the lines of Pradhan Mantri Suraksha Bima Yojana (PMSBY) for the traders at an affordable premium. This could be based on the scheme being operated by the Uttar Pradesh government for traders.

Sources said small traders could get accidental insurance cover of up to Rs 10 lakh based on turnover. The scheme, if approved by the government, is likely to be announced by the end of this month before the commencement of the Budget session, the sources added. PMSBY currently provides Rs 2 lakh accidental cover just at affordable rate of Rs 12 per annum. The Scheme is available to people in the age group 18 to 70 years with a savings bank account who give their consent to join and enable auto-debit on or before May 31 every year.

Besides, the government is also considering to provide concessional finance to traders, who wish to adopt computerisation and upgrade their businesses. A special policy may be formulated to encourage women entrepreneurs, sources said, adding a higher interest subvention to these entrepreneurs is also being contemplated.

TOP

Source

LIFE INSURANCE

With 75% grossly underinsured, why aren't Indians sufficiently covered? - Business Standard – 15th January 2018

At least 988 million Indians--more than the population of Europe and 75% of all Indians--are not covered by any form of life insurance, and an Indian is assured of only 8% of what may be required to protect a family from financial shock following the death of an earning member, according to our analysis of government data and industry data.

Unexpected shocks such as the death of a family member lead to financial loss. The lack of adequate cover in these situations makes people prone to high financial instability. This is more severe in the case of the unorganised sector: Informal workers in the unorganised sector are exposed to additional risks in the form of income volatility, hazardous workplace conditions and lack of old-age benefits. These risks can be reduced through insurance.

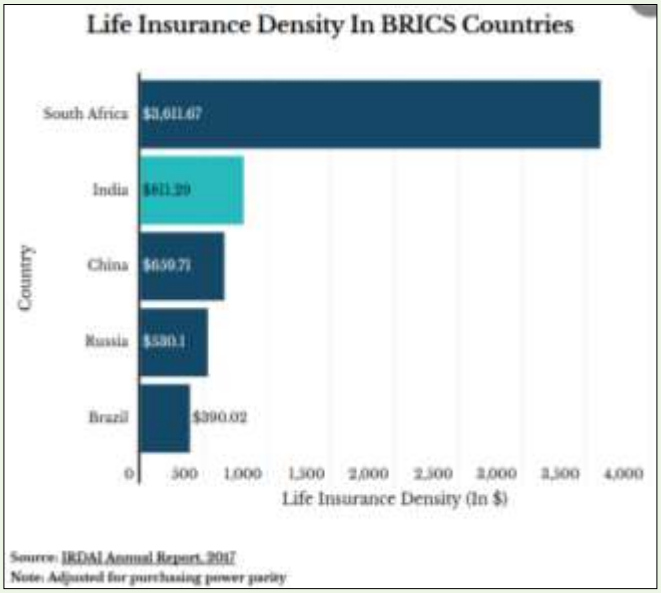
With 82% of India's workforce engaged in informal employment in the unorganised sector, 392.31 million workers and their families--more than the population of United States--live under constant threat of financial setbacks due to insufficient or non-existent coverage.

India had about 328 million life insurance policies in 2017, according to data from the Handbook on Indian Insurance Statistics, 2016-17, of the Insurance Regulatory and Development Authority of India (IRDAI). Assuming each policy corresponds to a unique citizen, these accounts for 25% of the population having life insurance cover, leaving 75%--or 988 million Indians--without cover.

Considering a person may hold more than one such policy, the number of Indians not covered by life insurance may be higher. Currently, there are no data on the number of unique Indians with life insurance cover.
Further, an average working person is assured of, as we said, only 8% of what may be required to protect a family after the death of an earning member, according to our analysis of data by leading global reinsurer Swiss Re. This is much lower than the insurance coverage adequacy of 44% in Japan, 84% in Taiwan and 67% in Australia.

"There are low levels of insurance penetration (life and non-life) despite numerous sources of risk such as rainfall (leading to income shocks in largely agrarian segments of the population), health shocks, and catastrophes such as floods or cyclones," the July 2017 Household Finance Committee report of the Reserve Bank of India (RBI) pointed out.

India at par with emerging markets in coverage--but, the devil is in the details
Globally, three standard metrics are used to understand insurance cover: Annual premium growth, insurance density and insurance penetration. However, these do not reveal the actual picture, as we will explain later.



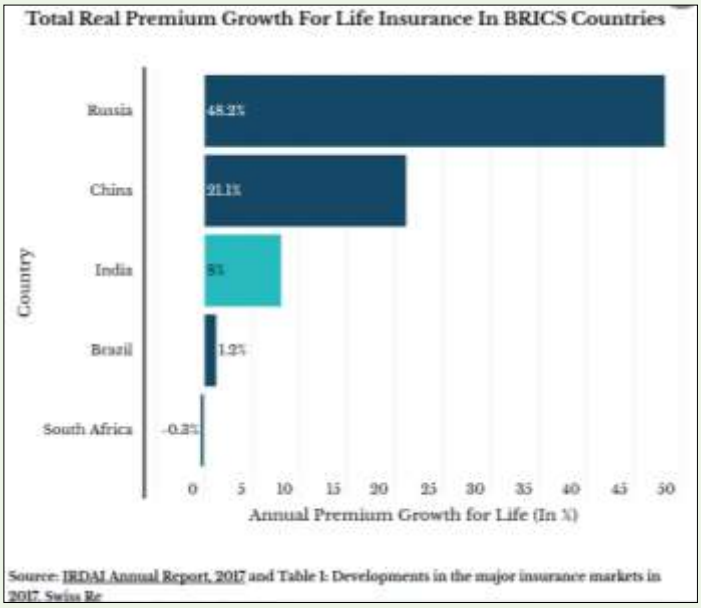
Annual premium growth: India's total real premium growth rate for life insurance--the annual rate of increase in premium collected by the life insurance industry in real terms i.e. adjusted for inflation--is 8%, according to the IRDAI's 2017 annual report.

While this is better than Brazil's 1.2%, it is lower than Russia's 48.2% and China's 21.1%, data show.

Insurance density is the ratio of insurance premium--the price paid by consumers for insurance cover--to population.

India's life insurance density (adjusted for purchasing power parity) was $811.3 in 2016--ahead of Brazil ($390) and China ($659.7) but below the UK ($2,129.3), USA ($1,724.9) and South Africa ($2,611.7, according to data from the IRDAI Annual Report, 2017.

3. Insurance penetration is the ratio of insurance premium to the country's gross domestic product (GDP).
India's life insurance penetration was 2.72% in 2016--comparable to Brazil (2.28%), China (2.34%) and the US (3.02%), but lower than South Africa (11.52%) and the world average (3.47%).

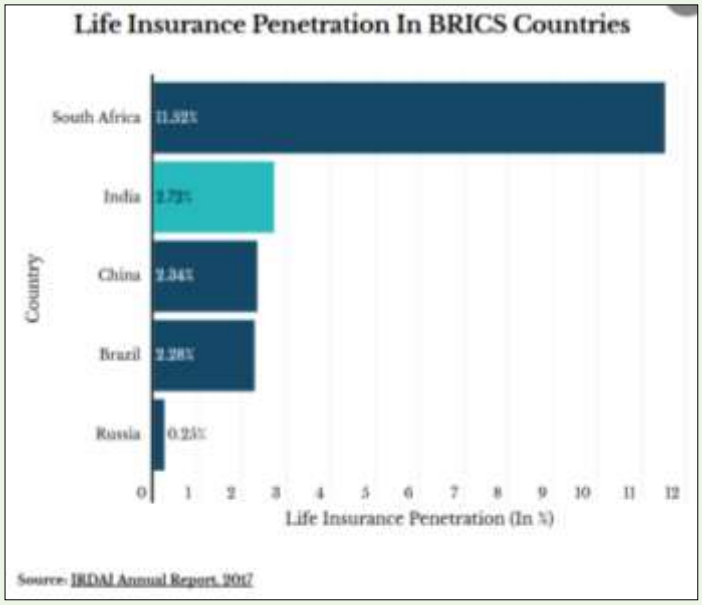


These figures suggest that India is at par with other emerging markets. But, the devil is in the details.

For instance, there are no data, as we said, on the number of unique individuals covered. Further, the data do not provide insights into the variations across income classes, social

groups, occupations and geographies.

These metrics also do not give clarity on whether the protection provided is adequate to cover financial shock.



Source: Table I.62, IRDAI Annual Report, 2017

The Indian government's Ministry of Statistics and Programme Implementation acknowledges that the "statistical information currently available on insurance is scattered and inadequate".

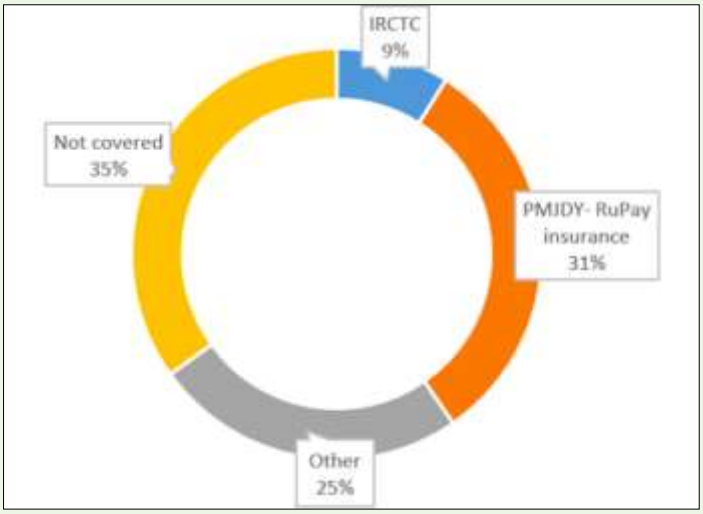
Understanding the lack of data: The case of personal accident insurance

Personal accident insurance usually covers death or disability caused due to an accident. As of 2017, 65% Indians are covered by personal accident insurance, according to data from the IRDAI's 2017 annual report.

This includes policies issued under Indian Railways Catering and Tourism Corporation (IRCTC), Pradhan Mantri Jan Dhan Yojana (PMJDY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY).

IRCTC personal accident insurance is available only for passengers travelling through the Indian Railways with an e-ticket, and is valid for only the duration of that particular journey.

It does not cover people travelling in unreserved compartments on passenger trains, and those commuting on suburban trains.



PMJDY accounts offer RuPay insurance as a special benefit. But this covers only those account holders who have made a transaction within 90 days (for non-premium cardholders) or 45 days (for premium card holders) prior to the date of accident, according to the scheme guidelines.

Over 20% of PMJDY beneficiaries haven't even been issued RuPay cards, PMJDY data from December 2016 show.

Further, 48% of people holding an account with a financial institution--banks, credit unions, microfinance institutions, cooperatives and post offices--have neither deposited nor withdrawn in the past year, according to the 2017 Global Findex released by the World Bank.

So, they cannot avail RuPay insurance even if they have a PMJDY account. If we exclude PMJDY and IRCTC schemes, the personal accident coverage of the country's population reduces to 25%.

So, how best can insurance coverage and adequacy be measured?

Let us understand what other metrics we can use to measure insurance coverage along with adequacy and how India fares with respect to these metrics.

1. Sum assured to GDP ratio

A metric that comes close to measuring the extent of coverage is the sum assured--the money that is paid to families after a death--to GDP ratio.

The total sum assured accounts for 58% of India's GDP, according to this 2013 RBI report. This is more than that of China (33%) and Indonesia (28%) but much behind the US, Germany, South Korea and Japan where it is in the range of 105%-321%, illustrating the poor quality of cover in India.

As of March 2017, the sum assured to GDP for life insurance in India is 65%, according to our analysis of data from the IRDAI's 2017 annual report and the handbook mentioned above.

2. Mortality protection gap and protection margin

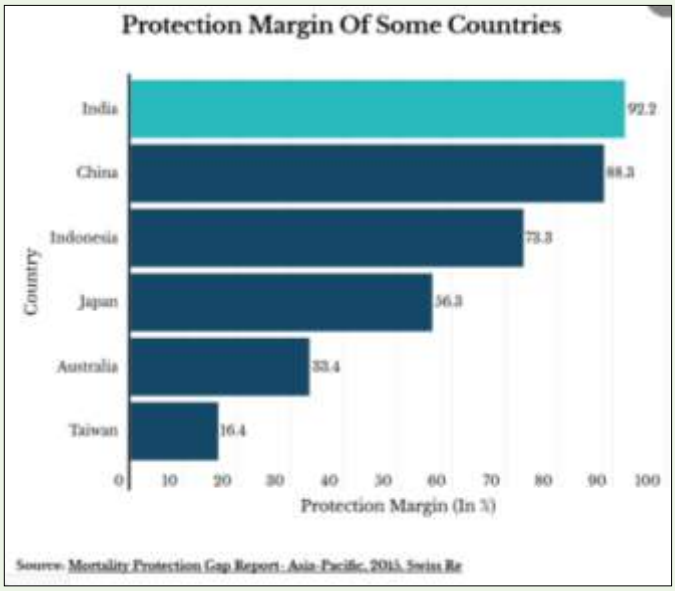
The global reinsurer Swiss Re uses mortality protection gap and protection margin as metrics to assess the adequacy of insurance coverage.

Mortality protection gap is the difference between the resources needed and the resources already available for the family to maintain their living standards, in the event of death of a working family member. Protection margin is the ratio of protection gap and protection needs.

To understand this, let us consider a three-person low-income household with a school-going child and working parents. In the event of the mother's death, the household income would suffer, the child's education would be at risk and the very survival of the child and her father would become difficult, as they may not have enough resources to live on.

Let us assume that after the death of the mother, the family has some savings in the bank and the amount claimed from life insurance. The protection gap would be the difference between this amount and the resources they need to fund necessities such as food, healthcare and education.

The protection margin would be the ratio between this protection gap and the actual protection needed to nullify the effect of the mother's death on their financial lives.



India has the highest protection margin in the Asia Pacific region at 92.2%.

This means having savings and insurance of just Rs 7.8 for every Rs 100 needed for protection, leaving a protection gap of Rs 92.2.

Further, India's mortality protection gap rose 11% every year, on average, over the past decade, data show.

Why aren't Indians sufficiently covered?

Most insurance products in India are not pure protection products, but are endowment products that offer protection and investment features, according to this 2017 report by McKinsey, a global consultancy.

For instance, of the 21 life insurance plans offered by India's Life Insurance Corporation (LIC), the largest player in India's life insurance market with 70% market share, only three are pure protection products. Insurance cover offered by endowment insurance products tends to be much lower than that offered by pure protection products.

Most Indian seeking insurance rely on the insurance agent's advice on what products to purchase. Insurance agents tend to market products that maximise their own well-being instead of products that are suitable for the consumer, this 2011 field study found.

To tackle the issues of awareness and underinsurance, the central and state governments have come out with schemes for risk protection, especially for the socially and economically vulnerable sections of the population.

But these schemes are falling short of their objective of providing adequate risk protection for low-income households, as is reflected in our analysis.

We also need to go beyond conventional measures and explore more statistically rigorous indicators such as protection margin. Towards this end, the IRDAI should proactively provide data on coverage and sufficiency of coverage.

TOP

Source

New life premium mop-up inches up 2.41% in Dec - The Economic Times – 11th January 2019

New business premium collection by the life insurance industry has grown 2.41 percent to Rs 1.41 trillion as of December, show the data released by the apex industry body.

The industry collected Rs 1,41,584 crore as against Rs 1,38,253 crore last year, the Life Insurance Council said in a statement Friday.

The individual new business booked was Rs 63,356 crore as against Rs 62,739 crore in the same month last year, showing a growth of a paltry 1 percent.

The group new insurance business showed a faster growth of 3.59 percent, with the overall business increasing to Rs 78,228 crore from Rs 75,514 crore a year ago.

The state-run behemoth LIC led both in new business premium collection with a 66.49 percent market share and also new business by policies with a 73.33 percent share of the pie, it said.

HDFC Life came second on the new business premium collection front with a 7.02 percent market share, and SBI Life was came next with a 5.78 percent market share, the statement said.

ICICI Prudential Life was the fourth in the pecking order both by new premium collection and also new policies, with a 4.82 percent and 3.48 percent share, respectively, it said.

TOP

Source

India: At least 75% of Indians lack life insurance – Asia Insurance Review

More than 988m Indians-- 75% of all Indians--are not covered by any form of life insurance. In addition, an Indian is assured of only 8% of what may be required to protect a family from financial shock following the death of a wage earner, according to an analysis of government data and industry data by India spend.

The lack of adequate cover is more severe in the case of the unorganised sector: Informal workers in the unorganised sector are exposed to additional risks in the form of income volatility, hazardous workplace conditions and lack of old-age benefits.

With 82% of India's workforce engaged in informal employment in the unorganised sector, 392.31m

workers and their families live under constant threat of financial setbacks due to insufficient or non-existent coverage.

India had about 328m life insurance policies in 2017, according to data from the Handbook on Indian Insurance Statistics, 2016-17, published by the IRDAI. Assuming each policy corresponds to a unique citizen, these accounts for 25% of the population having life insurance cover, leaving 75% or 988m Indians without cover.

Considering a person may hold more than one such policy, the number of Indians not covered by life insurance may be higher.

TOP

Source

GENERAL INSURANCE

First in the country, proposal for weather linked insurance over loss in milk yield to small and margilised farmers across the country – The Times of India – 15th January 2019

Animal Husbandry sector in India contributes about 4.1% of the total Gross Domestic Project (GDP) with Punjab contributing 8.36% and ranking 5 Th in all India milk production. A rise in temperature by 2-4 oC by 2050s will negatively impact milk production by more than 15 million tons by 2050 with respect to current levels of production.

As per the scientific studies, milk production is severely affected by Temperature-Humidity Index (THI),it decreases in crossbred cows by 35-40% when THI increases by 72. Further, during summer, indigenous dairy animals also suspend their breeding activity and hence affecting milk production. Increased incidences of animal diseases have also been seen in the state with the rising temperature and humidity. Loss in their productivity adds to the population of stray cattle which damages crops and cause accidents.

Satnam Singh, additional director, Chandigarh climate change department says, "Considering the foreseeable challenges of sustainability of livestock production system of the state due to changing climatic conditions a project "Towards Climate Resilient Livestock Production System in Punjab" of 5 years duration is being implemented in three districts of Punjab i.e. Ludhiana, Bhatinda and Tarn Taran for last two and half years."

The project is being implemented through a multi-departmental coordination where Pune based Guru Angad Dev Veterinary and Animal Sciences University (GADVASU), Punjab Agricultural University, Deptt. of animal husbandry, dairy development board, Punjab energy development agency and Punjab state council on science and technology are involved.

The project had set objectives which are to ensure sustainable levels of livestock production in small and marginal farmer households (HHs) in heat stress conditions through activities like artificial insemination, ester synchronisation, heat resistant sheds, and disease forecasting system.

Sarvpreet Singh Ghuman, professor in GADVASU says, "Though this project was envisioned for Punjab but for the first time in India, this project also proposes to develop and demonstrate weather linked insurance product for indigenous and crossbred cattle to compensate farmers across the country for loss in milk yield, which is expected to revolutionise the milk economy by encouraging farmers for adopting indigenous dairy animals, as their livelihoods will be ensured under climate stress periods. By the end of

the project, full package for insurance will be prepared and concerned insurance agencies will be hired. This way, these projects will not only farmers of Punjab, but others across the country."

He says that around three decades before our indigenous cattle was cross bred to increase the milk production from 5 litres to 30 litres. But these exotic cross breeds are less likely to adapt to soaring temperature under the climatic variation like local breed that lived for centuries in the country so emphasis is now being paid to propagate local cows and buffalos with improved germoplasm to give milk production as well.

JPS Gill, director, GADVASU further adds, "This project has various innovative and sustainable practices for integrating climate change adaptation in animal husbandry sector. The project proposes for sustained livestock productivity throughout the year through technologies such as Artificial insemination and Estrus management. This project also provides an opportunity for making the best use of stray cattle by housing them in a large climate resilient sheds so that at least 10% of them breed while making good use of available resources in the shed, such as dung for biogas plant for renewable energy, rain water harvesting etc"

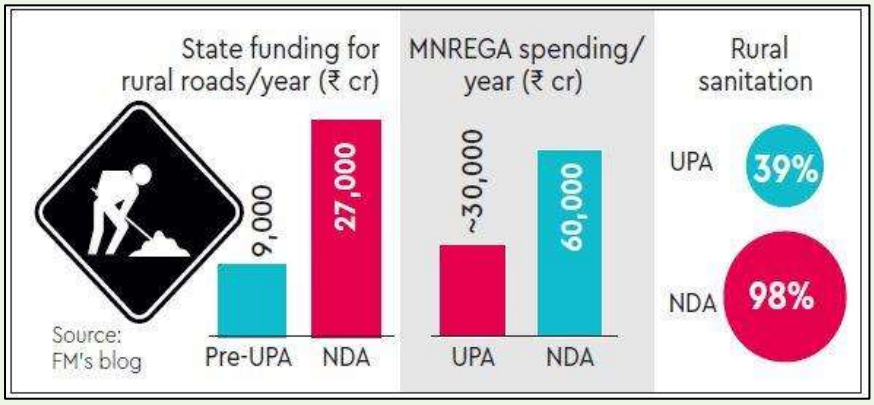
He says that Dairy Development Board is constructing around 300 such sheds which maintain less temperature with use of fans, water sprinklers, ventilation etc which will be given to farmers on 75% subsidy costing around 1.5 lakh each. Three thousand farmers and livestock owners have been trained in other related activities such as preparing silage fodder in the winter months to make up for shortage of fodder in summer for which they have been distributed airtight silage bags free of cost.

TOP

Source

Rural distress: FM Arun Jaitley hints at greater support to farmers – Financial Express – 12th January 2019

Finance minister Arun Jaitley on Friday hinted at greater support to farmers to recover from distress and listed steps initiated by the current regime to improve the lot of the middle class and the poor, including quota, tax relief and new scheme for health, seeking to bolster his government's image in the build-up to the general polls.



The minister said besides doubling the expenditure on interest subvention for farmers, completing the 99 unfinished irrigation schemes and rolling out a novel crop insurance scheme, the government had sought to give farmers a 50% profit over their costs.

"The farmers, of course, need greater support and the government is committed to the same," he added.

In a first, the government has extended a Rs 2-lakh-crore annual tax rebate (both direct and indirect taxes) to the middle class, without a single impost being increased for them, he said.

The GST has emerged as the single-most important "consumer-friendly measure" in India, and the government has sacrificed around Rs 1 lakh crore by lowering the GST rates on most commodities to make these available at reasonable prices, he added.

The government has promised a house for every rural poor by 2022 and about 50 lakh houses are being built in rural areas annually. State funding has been raised three times to Rs 27,000 crore annually during

the NDA regime. Each village has been electrified and rural sanitation has moved up from 39% to over 98%. The poor are being provided cooking gas under the Ujjwala Scheme. The annual expenditure under the flagship employment guarantee scheme, MGNREGA, has crossed Rs 60,000 crore, "almost twice of what was being spent by the UPA".

The universal health scheme — Ayushman Bharat — is targeted at 40% of India's population and each one of them can get hospital treatment free with the coverage up to Rs 5 lakh annually per family.

Slamming the opposition for paying only "lip sympathy" to the poor, the minister said the 10% reservation for economically weaker sections in government jobs and educational institutions does not fall foul of the basic structure of the Constitution; instead it's the "single greatest recognition" of the poor in the general category.

The minister said in every Budget, the lower end of the taxpayers has got relief. Even though the income tax slab is Rs 2.5 lakh, those with an earning up to Rs 3 lakh need not pay any tax. ARs 40,000 standard deduction has been given to all employees.

Similarly, all investments in housing, insurance and other saving instruments,have been raised in the last four years. The cost of this to the exchequer is almost Rs 97,000 crore per annum, he said.

Inflation during the five-year tenure has been kept between 3-4% against 10.4% during UPA-II.

TOP

Source

PSUs continue to lose market share to private general insurance players – The Times of India – 11th January 2019

The non-life industry grew 18% to Rs 1.50 lakh crore in 2017-18 from Rs 1.28 lakh crore a year ago. Growth rates dropped from 33% in FY17 when the government's new crop insurance scheme triggered a spike in non-life premium.

State-owned companies saw their market share dip to 45% from 47%. New India Assurance was the only psu to increase its share to 15% in FY18.

ICICI Lombard continued to top private insurance in premium income in FY17, despite its market share falling to 8.20% from 8.37% .

Non-life insurers sold 1,708 lakh policies in FY18 up 10% from 1,543 lakh. The growth driven by private companies which registerd a 26% increase in policy numbers as against psus which saw sales shrink by 5.8% in terms of number of policies.

Motor premium, the largest segment grew 18% to Rs 59,246 crore. The highest growth in premium came from health insurance which surged 22% to Rs 41,981 crore in 2017. Fire grew by 13% to 10,781 crore, while marine declined 0.7% to Rs 2,895 crore. Other insurance lines -- which include crop insurance -- saw 19% growth to Rs 77,741 crore and now form 52% of total business.

TOI had earlier reported that crop insurance, after the launch of Pradhan Mantri Fasal Bima Yojana (PMFBY) in 2016, contributed to the highest growth (32%) the industry has seen since liberalisation. Of the 32% growth, industry experts said 16% came from crop insurance.

TOP

Source

India: Non-life market grows by 18% to $21bn in FY2018 – Asia Insurance Review

India's non-life industry, including standalone health insurers, surged by 18% to INR1.5trn ($21bn) in the fiscal year ended 31 March 2018 (FY2018), according to the latest annual report of the IRDAI.

The growth rate plunged from 33% in FY2017 when the government's new crop insurance scheme triggered a spike in non-life premiums.

State-owned companies saw their market share dip to 45% from 47%. The public sector insurers exhibited growth of 12.6% in FY2018, compared to the previous year's growth rate of 26.3%. The private general insurers registered a growth rate of 21.6% as against 35.6% growth rate during the previous year.

Motor, the largest line of business, saw an 18% increase to INR592.46bn. Health insurance premium surged by 22% to INR419.81bn while fire grew by 13% to INR107.81bn.

The government-backed crop insurance scheme, Pradhan MantriFasalBimaYojana (PMFBY), which was an engine of growth for the non-life sector in FY2017, saw gross written premium rise by 32% to INR227.3bn in FY2018. However, the number of farmers covered by the scheme fell by 10% to 46m in FY2018 from 51m in FY2017. At 31 March 2018, there were 27 general insurers and six standalone health insurers operating in the country.

TOP

Source

India: Startup offers bicycle insurance – Asia Insurance Review

Toffee Insurance, an all-digital Insurtech startup, is offering bicycle insurance across the country. The policy covers both the rider and the bicycle in a tiered pricing format, reported The Times of India. The cyclist insurance is modelled after auto insurance and covers both theft and accidental damage.

Toffee Insurance has spread its pan-India footprint to reach over 150 cities ranging from metropolises to Tier 4 & 5 cities. The product is sold at point of sale by 1,000 of the country's top bicycle dealers.

On boarded dealers use Toffee Insurance's web app for real time policy issuance, servicing, and claims management.

The pricing of the product is approximately 3%-5% of the bicycle cost. Details include:

- Theft is covered up to the cost of the bicycle
- Accidental damage to the bicycle is covered up to the cost of the bicycle (cashless payments)
- Accidental cover for the cyclist is up to INR200, 000 ($2,840).

Toffee Insurance has tied up with Tata AIG General Insurance to provide cover for "Hero" brand bicycles, and with another general insurer for "TI" bicycles. Toffee Insurance is a digital insurance intermediary founded in 2017.

State-owned insurers such as New India Assurance and Oriental Insurance already have market insurance policies targeted at bicycles. But the awareness of these products is still limited.

TOP

Source

HEALTH INSURANCE

Centre writes to Bengal after it pulls out of Ayushman Bharat – The Economic Times – 18th January 2019

The war of words between the Centre and the Mamata Banner jee government has escalated over the state's withdrawal from the Ayushman Bharat scheme.

The Centre is now accusing West Bengal of violating stipulations by not giving the Narendra Modi government any branding in the health insurance scheme.

The Centre, in a strong letter to the state, has also said that nearly 60 lakh families in West Bengal would suffer with the discontinuation of Ayushman Bharat scheme, saying the state's Swasthya Sathi scheme only covers 50 lakh families while Ayushman Bharat covered almost 1.11 crore families or 55% of the state's families.

Bannerjee had taken the step after finding only the PM's picture on the letter being sent out to families by the Centre, arguing that West Bengal was contributing 40% to the scheme. InduBhushan, the Chief Executive Officer of National Health Authority (NHA), has written to the state government on January 11 saying the distribution of letters is as per NHA guidelines and within the stipulation of the Memorandum of Understanding (MoU) signed between the Centre and the West Bengal government.

Bhushan in his letter has said that it is in fact the state which seems to be violating the stipulations. "In pursuance of the Clause 6 (n) of the MoU, the state is expected to incorporate Ayushman Bharat-Swasthya Sathi as the scheme name for all IEC (Information, Education and Communication) activities and branding. The state, during several instances, has provided incorrect facts concerning the scheme on their website.

There is no branding of Ayushman Bharat on the official website which claims that the entire premium for the scheme is borne by the state government making no mention of Ayushman Bharat or PM-JAY (PM Jan Arogya Scheme) even though the Centre is contributing 60% of the funds of the scheme. The absence of the same hints at the violation of the stipulations of the scheme," the letter states.

Bhushan said the state's claim that the Centre violated stipulations of the MoU is "non-tenable" and pointed out that even under a previous central medical insurance scheme, RSBY, the smart card issued by the state mentioned RSBY as a national scheme with the card being the property of Government of India, while West Bengal contributed 40% of the funding to RSBY too.

Bhushan wants Ayushman Bharat-Swasthya Sathi cards being currently used to avail benefits in West Bengal also to be in line with the NHA branding guidelines "with both Central and state government logos" on them.

Bhushan has written that the "family letters" being sent out by the Centre were only one of the modes to spread awareness among eligible families and not a beneficiary card. "The same was briefed to all states during a national video-conference last September. The said letter conforms to a standard template across the country and maintains national character of the scheme," Bhushan has written. The Centre has pointed out that it has "promptly contributed more than Rs 175 crore as its contribution in first tranche under the scheme, with Bhushan saying he is welcome to hold discussions with the state government by travelling to Kolkata to streamline any differences in communication. West Bengal has been urged to reconsider its position.

TOP

Source

700,000 treated under Ayushman Bharat: PM – Mint – 18th January 2019

Prime Minister Narendra Modi, on a three-day visit to his home state of Gujarat, on Thursday said that in the last 100 days, as many as 700,000 poor people have been treated under the Ayushman Bharat scheme.

He was inaugurating the 1,500-bed Sardar Vallabh bhai Patel Hospital in Ahmedabad, built on the premises of VS Hospital, run by the Ahmedabad Municipal Corporation.

The state-of-the-art public hospital built at a cost of Rs750 crore is equipped with all modern amenities, including an air ambulance.

"Ayushman Bharat has instilled confidence in 50 crore poor people of the country that in times of serious illness, the government is standing with them. They do not have to mortgage their land or homes for getting treatment. They are now assured that treatment can be availed even if you don't have money," Modi said. He said that every day, as many as 10,000 poor people are likely to benefit from Ayushman Bharat.

"This hospital will prove to be a model for other government hospitals in the country," Modi said. In the last four years, health facilities and medical education have been given a boost as more than 18,000 MBBS seats and more than 13,000 post graduate seats have been added during this period, he said.

Meanwhile, the Modi government was hailed by billionaire philanthropist Bill Gates on the completion of the first 100 days of the Ayushman Bharat scheme, which aims to provide medical coverage to poor families.

"Congratulations to the Indian government on the first 100 days of @AyushmanNHA. It's great to see how many people have been reached by the program so far. @PMOIndia," Gates tweeted.

On Friday, Modi will inaugurate the ninth edition of the biennial investors' summit that is being held in Gandhinagar from 18 to 20 January. The leaders of five countries and over 30,000 national and international delegates, including CEOs of major companies from India and abroad, are expected to attend.

Indian business tycoons who are expected to attend include Reliance Industries chairman Mukesh Ambani, Tata Sons chairman N. Chandrasekaran, Aditya Birla Group chairman Kumar Mangalam Birla, Adani group chairman Gautam Adani, chairman of Godrej group Adi Godrej and Cadila Healthcare chairman Pankaj Patel. CEOs and top executives of global firms like German chemical company BASF, Russian oil producer Rosneft, and DP World, Suzuki, and Maersk group are also expected at the event.

PM Modi is also scheduled to visit Silvassa, the capital of the Union Territory of Dadra and Nagar Haveli, during the visit, according to the state government.

TOP

Source

Chhattisgarh to move towards Universal healthcare plan: T S Singhdeo– The Indian Express – 18th January 2019

The BJP, meanwhile, has been critical of suggestions that Chhattisgarh will pull out of the scheme, with former CM Raman Singh saying that the Congress should not be hasty in making decisions, and calling Ayushman Bharat one of the "best schemes in the world."

The Chhattisgarh government is working on a plan towards "universal healthcare" that will include free medicare and free diagnostics, and focus on upgradation of public health infrastructure, state Health Minister T S Singhdeo has said.

While the modalities are being worked out, this will eventually lead to a pullout by the state government from the Centre's Ayushman Bharat scheme, "he added.

Speaking to The Indian Express about plans and assessments carried out so far, Singhdeo said, "Healthcare is an issue that concerns people's lives and it does not do well to be flippant about it. We are committed to the idea of pulling out of Ayushman Bharat, not because of politics but because it does not make sense for the state.

We will move towards a Universal Healthcare Programme for the state. But we do not want to, unlike the BJP, impose our idea of healthcare until we get our groundwork, and till then Ayushman Bharat may remain. There are discussions to be had on it."

Singhdeo said that several meetings with state officials had revealed the need for focus on primary healthcare. "About 75-80 per cent of the population needs primary healthcare first. PHCs and CHCs need to be sorted out, including human resources. The other 15 per cent require secondary healthcare, for which a small percentage may require operations, for which the insurance may apply.

Ayushman Bharat essentially caters to 5 per cent of tertiary healthcare where people need to be admitted to hospital to avail the benefits of insurance cover. The premium is Rs 1,100, for which the state pays Rs 440, and in Chhattisgarh it applies to 42 lakh people. That is massive expenditure on private insurance companies, where the model doesn't apply to majority of people." He added, "Assessments show that the scheme doesn't work for primary care… It is absurd that you don't fix the basics, but give money for insurance companies."

The BJP, meanwhile, has been critical of suggestions that Chhattisgarh will pull out of the scheme, with former CM Raman Singh saying that the Congress should not be hasty in making decisions, and calling Ayushman Bharat one of the "best schemes in the world." Under the Congress government's healthcare scheme, Singhdeo said, they were looking at "free medicare" and "free diagnostics" as well.

TOP

Source

Health cover for only vector-borne diseases – The Times of India – 16th January 2019

With India seeing a high incidence of diseases spread by mosquitoes, Bajaj Allianz General Insurance has launched a health cover that is specifically targeted at seven vector borne diseases - dengue, malaria, chikungunya, Kala Azar, Japanese encephalitis, filariasis and Zika virus. While the focus is on mosquito-borne diseases, the policy also covers major infections spread by all types of vectors such as fleas, flies, sand flies and other insects. It offers various coverage options that range between Rs 10,000 and Rs 1, 00,000 for a premium from Rs 160 to Rs 3,000.

A unique feature of this cover is that it remains operative even during international travel. The insured can claim compensation if the infection takes place in 37 listed countries such as the US, entire Europe, New Zealand, Singapore, Malaysia, Japan, Canada, Dubai and Hong Kong. "We have seen significant increase in the number of people falling ill due to these vector-borne diseases. This year in India, more than 3 lakh cases of malaria and 80,000 cases of dengue were reported," said Bajaj Allianz General Insurance MD & CEO Tapan Singhel. The cover can be opted for both individual and family. The family floater policy offers coverage for up to six members, which can include one's parents, spouse and children.

TOP

Source

Chhattisgarh govt to pull out of Ayushman Bharat – The Economic Times – 16th January 2019

The Congress government in Chhattisgarh has decided to withdraw from the Centre's flagship universal healthcare scheme, which was rolled out from the state's Jangla Development Hub in Bijapur district.

The newly formed government is planning to devise its own universal healthcare scheme to replace Pradhan Mantri Jan ArogyaYojana (PMJAY) or Ayushman Bharat, which was started on September 15 last year, state health minister TS Singh Deo told ET.

"We have decided to withdraw from the scheme," said Singh Deo. "We don't understand why we need to operate insurance packages when we have the entire system of medicine purchase, ASHA worker network and primary healthcare centres in place. We have the manpower and are capable of providing universal healthcare."

Asked whether the move was politically motivated, he said: "We are not withdrawing because it is a BJP scheme. Ayushman Bharat is similar to the UPA's Rashtriya Swasthya BimaYojana. We are simply implementing our manifesto promise — universal healthcare scheme. Congress had even promised 'right to health' in its 2014 parliamentary poll manifesto."

The move comes after a series of representations from associations including government doctors, hospital owners and even beneficiaries. The state government is now planning to introduce an alternative scheme which covers the poorest of poor, outpatients' care and expenditure on medicines. "About 90-95% of the patients are covered under primary and secondary healthcare, which can be provided through the government set-up," said Singh Deo. "Right now, under Ayushman Bharat, they need to be admitted to tap into the benefits.

Many private hospitals are not covered under the scheme so the patients are left out. What Chhattisgarh needs is universal healthcare system." This is the first central programme which the newly installed state government has spurned. Dr Rakesh Gupta, president, Hospital Board Raipur said: "A new alternative scheme needs to be devised in Chhattisgarh as the central scheme does not address the basic problems of primary healthcare. It is targeted at secondary and tertiary care. Almost 85-90% of the patients have waterborne diseases, malnutrition, malaria, typhoid — these are not what Ayushman Bharat addresses."

Even before PMJAY was introduced, Chhattisgarh had insurance cover in the health sector. The erstwhile Congress-led UPA had introduced Rashtriya Swasthya Bima Yojana for those below poverty line. The Raman Singh-led BJP government later tweaked the central scheme to introduce Mukhya mantri Swasthya Bima Yojana to include those above poverty line. However, problems plagued the scheme over the past two years as small nursing homes sprung up in remote centres and the number of patients in government hospitals declined.

Chhattisgarh is the fifth state to say no to PMJAY. A month before the Centre rolled it out; Odisha CM Naveen Patnaik announced the launch of Biju Swasthya Kalyan Yojana on almost the same lines as the central scheme. Telangana has consistently parried the Centre's attempts to initiate the scheme. West Bengal government withdrew from the scheme last week when CM Mamata Banerjee took an exception to PM Modi's photographs on letters sent to beneficiaries.

The West Bengal government said that with a 60:40 share in the expenditure on scheme, it should get space on letters sent to beneficiaries. The Arvind Kejriwal-led AAP government in Delhi has also given the cold shoulder to the scheme.

TOP

Source

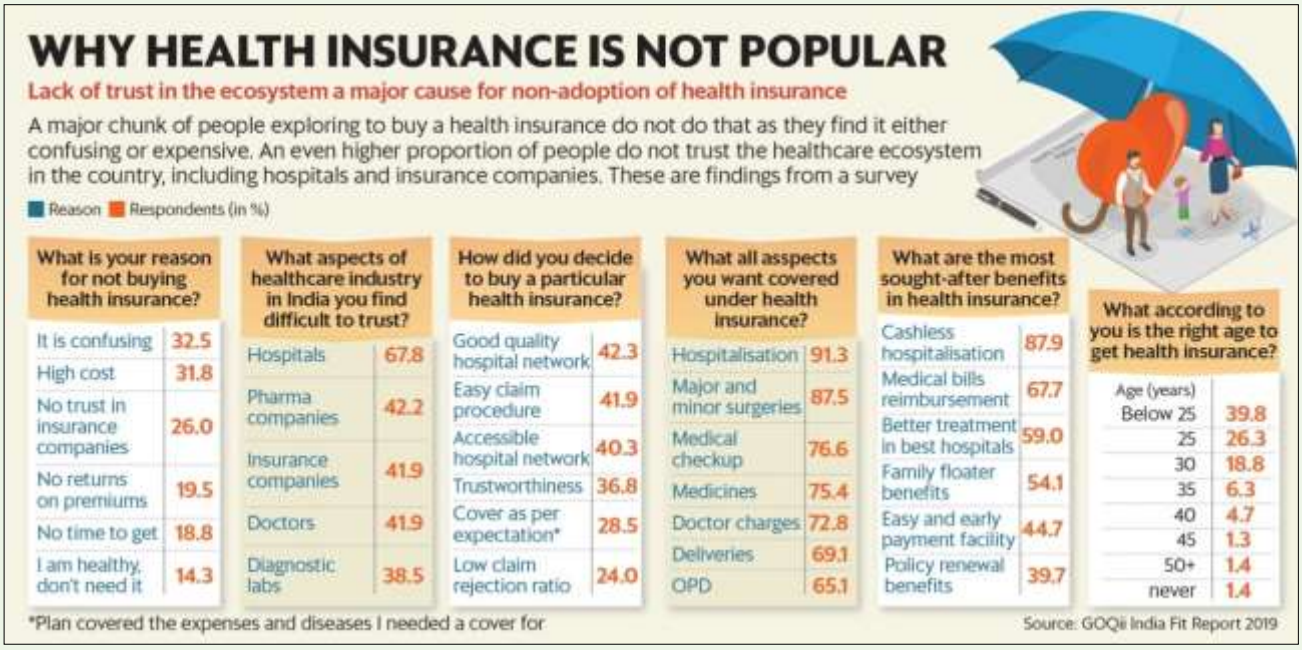
3 factors that prevent people from buying health insurance: lack of trust, cost, complexity – Mint – 15th January 2019

A number of people trying to maintain good health and also exploring to buy a health insurance policy to cover their health risks find existing health insurance policies in the country confusing and expensive. Moreover, an even larger chunk of people do not trust the healthcare ecosystem, which includes hospitals, insurance companies as well as diagnostic centres. These are the findings of a study, GOQii India Fit Report 2019, by preventive healthcare and fitness platform GOQii. The findings are based on responses from 700,000 users of the company's fitness app.

Insurance experts also feel that existing health insurance policies are complicated and need simplification.

Mahavir Chopra, director, health, life and travel insurance, Coverfox.com, said that while being told about health insurance, typically, you will first be explained about the exclusions and what you will not get. "You will go to exclusions in a health insurance very soon in a conversation, and that makes it difficult. I can explain a term insurance or car insurance to you in a minute, which is not possible for health insurance," he said.

Hence, a lot of people depend upon health policies offered by their employers or government schemes. As per the latest annual report by the Insurance Regulatory and Development Authority of India (Irdai), in 2017-18, general and health insurance companies issued around 1.47 crore health insurance policies covering a total of 48.20 crore lives and registered a growth of 10% in the number of lives covered over the previous year. However, 75% of these insured people are under some government scheme and another 19% are under group health insurance that is typically provided by employers. Only around 6% of policyholders are covered under individual policies as on 2017-18, down from 13% in 2013-14.



An actuary from a general insurance company, who is not authorised to speak to the media, said on the condition of anonymity that this trend is due to increasing sales of health policies through bancassurance and affinity partnerships. The sales through these channels are large number but get reported to the insurance regulator as a group sale, hence the group business sales appear larger, the official said.

Rise in lifestyle diseases

The study also recorded rise in lifestyle diseases among those surveyed. The number of people suffering from high cholesterol and blood pressure has gone up compared to the previous year, while the number of diabetics has marginally declined. However, a person below the age of 45 years suffering from lifestyle diseases has gone up sharply. Compared to 5.2% of people under 45 who reported to have high

cholesterol, 2018 saw 12.1% people having the problem. Similarly, the number of people under age 45 reporting diabetes, blood pressure and thyroid problems also went up in 2018, compared to 2017.

The survey also highlights that 35% of Indians suffer from acidity-related concerns and doctors are actively prescribing lifestyle improvements like nutrition, exercise and sleep.

What needs to be done

While experts agree that complexity of health insurance products and exclusions are a hindrance to adoption, the real picture on claims often gets missed. Chopra said that about 95% of health insurance claims do get paid. "Health insurance also suffers from a lot of bad reputation, though it might not be that bad. The claims that do not get paid get more word of mouth publicity and attention," he said.

The survey highlights that claim settlement ratios of insurance companies is something that plays a deciding role in a person's decision to buy a policy. Moreover, according to the GOQii survey, the biggest reason among consumers to not buy health insurance is the product being confusing. Close to a third of the respondents (32.5%) said they find health insurance confusing and that they would like to have an insurance with simpler terms and conditions. Moreover, as health insurance companies have many plans, it becomes difficult for a retail consumer to understand which one to buy.

TOP

Source

How to bring private hospitals on-board Modi's Ayushman Bharat: FICCI has this suggestion - Financial Express – 14th January 2019

Prime Minister Narendra Modi government's proposal that hospitals be accorded industry status under the ambitious Ayushman Bharat health insurance scheme has got a warm response from industry. The Federation of Indian Chambers of Commerce and Industry (FICCI) have welcomed the proposal, along with some suggestions to improve the scope of the scheme.

Amid widespread reports that private hospitals are not too keen to partner the government in providing healthcare services under Ayushman Bharat, Arvind Lal, Chair, FICCI Health Services Committee and CMD, Dr Lal Path Labs Ltd said that the current PMJAY (Pradhan Mantri Jan ArogyaYojana) package rates may not be sustainable to set up and run operations in some locations.

"The key to engage more private healthcare organisations will be a viable model for their sustainability," Arvind Lal said, adding: "The new hospitals which will be mandated to empanel under PMJAY should be allowed to charge other patients who can afford to pay as per market rates."

"FICCI's Health Services Committee has been advocating for more than a decade for long term financing options and viability gap funding (VGP) for the healthcare sector and it is heartening to see it shaping into reality," said Sangita Reddy, Senior VP, FICCI and Joint MD, Apollo Hospitals Enterprise Ltd.

Reddy also pointed out the sorry state of hospital beds in India as they are concentrated only in the metros, thus making quality healthcare provision lesser reachable in other places. "This opportune step by the government strongly reinforces private healthcare providers' commitment towards improving access to quality care," she added.

The industry status will help hospitals with land acquisition, clearances and funding and is expected to boost the expansion of healthcare infrastructure in tier 2 and 3 cities. Also, hospitals are expected to empanel under PMJAY.

Ayushman Bharat is PM Modi's pet scheme which aims to take healthcare to India's most poor people. The benefit of the scheme will extend to over 10 crore poor families who otherwise could not afford expensive medical treatments. Ayushman Bharat provides for a medical insurance cover of up to Rs 5 lakh rupees per family per year for secondary and tertiary care hospitalisation.

TOP

Source

Buying health insurance? Pay the premium for one year and get free cover next year; know how – Financial Express – 14th January 2019

The Indian health insurance industry since the last year has been bringing out various customer-centric initiatives, to benefit policyholders and insurers. Another such initiative being an add-on covers that you can buy with your base policy. After doing this, you will not be needed to pay any premium for the second year, given the first year of the policy goes claim-free. The company claims it to be the first-of-its-kind feature to be introduced by any insurance company in India.

For instance, the 'Health 241' add-on by Edelweiss General Insurance has this feature for its health insurance policy. If this add-on is bought along with the Edelweiss Health Insurance Policy, and the first year goes claim free, the policyholder is covered for free in the second year.

While buying an Edelweiss Health Insurance Policy you can opt for this add-on. This benefit is extended to both individual and floater policyholders. This premium waiver benefit is currently applicable during the first renewal of the policy if there is no claim paid or payable during the first year.

Anup Rau, CEO of Edelweiss General Insurance, says, "India is a price sensitive country where insurance is still considered as an additional expense. Through research, we found out that price continues to be one of the barriers to purchase health insurance. In particular, younger people do not buy health insurance as they believe that they are healthy and unlikely to claim." He further adds, "The Health 241 add-on is an attempt to show that, if there is no claim in the first year, they can take the next year for granted with us."

The Health 241 add-on also comes with other additional features and services. For instance, like zero discharge time, guaranteed bed option and zero deposit feature. The company currently guarantees policyholders 'ZERO' discharge time for a total of 19 procedures. The guaranteed bed feature ensures that the policyholders will surely get a bed in select hospitals listed under the health insurance policy. With the zero deposit feature, policyholders don't have to pay the deposit amount at the time of admission in select hospitals. With the add-on, all these benefits of the health insurance policy will be carried onto the claim-free year.

Other benefits

You can choose from 3 health insurance plans – Silver, Gold, and Platinum — with a cover up to Rs 1 crore. You can include up to 8 members of your family, such as parents, parents-in-law, grandparents, and siblings under the individual variant and up to 5 members under the family floater variant. It also covers AYUSH treatment up to 100 per cent of the sum insured, recognizing the emerging trend of alternative therapies like Ayurveda, Homeopathy, and Unani. Daycare surgeries, which form a huge portion of all hospital treatment, are covered for over 388 ailments, up to the full sum insured. Also, treatment for bariatric surgery for weight reduction is included in the policy. The No Claim Bonus increases the sum insured after every claim-free year up to a maximum of 100 per cent, and the policy also covers maternity expenses for two deliveries.

TOP

Source

Whither health insurance? - The Hindu Business Line – 14th January 2019

Call it coincidence or a strange turn of events. But to run into cab-drivers on two consecutive days, both with a desperate need of funds for medical treatment certainly forces quiet reflection. Where are the government-run health insurances and programmes when needed the most?

The common refrain from patient families from poorer economic backgrounds is of not being aware of health insurances available to them. Most often, private hospitals do not tell them of their entitlements under Ayushman Bharat or the state-run health insurance. And why go to a private hospital when government-run hospitals promise treatment for free or subsidised costs?

The resigned answer almost always is, "no one cares for us at these hospitals." On prodding for information, they narrate how people with limited funds are often "invisible" to staff in public hospitals and even if they do tend to them, there's little engagement and even that is dished out like it's a favour.

People are often asked to wait in long queues and come back the next day, after the wait. And if a CT scan or MRI is required, the patient would have to contend with long waiting lists because there are few machines, the existing ones are under repair or the staff has gone for lunch or worse on a month's leave (this was an actual excuse one Mumbai-based government hospital had made to a patient family). And hospitals are woefully understaffed to have a replacement take charge. As a result, the patient is sent to a private hospital and is forced to spend Rs. 7,000 for a scan, to start with.

If indeed governments want to make their health insurance schemes beneficial, they need to make this information readily available to all patients entering the hospital. Maybe even have kiosks near hospital front-desks staffed with people who can explain to patients how to navigate the maze called health insurance.

There will be a deluge of help-seekers, and hopefully it translates into something meaningful like covering the patient's medical expense.

TOP

Source

Tamil Nadu tops the claims charts under Ayushman scheme - The Hindu Business Line – 12th January 2019

Tamil Nadu, which has integrated its Chief Minister's Comprehensive Health Insurance Scheme (CMCHIS) with the Centre's flagship Ayushman Bharat scheme, has submitted the largest amount of claims totaling. 159 crore so far, with Gujarat a close second with Rs. 153 crore. While Tamil Nadu ranks third in terms of number of claims (at about 90,300) trailing Chhattisgarh (1.24 lakh) and Gujarat (1.05 lakh), a higher average claims of about Rs. 17,600 per beneficiary, has put the State in the lead spot. The average claim per patient at the aggregate level for the country as a whole is about Rs. 13,000. A wide coverage under Ayushman, thanks to large number of families already covered under the Tamil Nadu's CMCHIS, has helped. Ayushman provides Rs. 5 lakh cover to deprived rural families and identified occupational categories of urban workers' families as per the latest Socio-Economic Caste Census (SECC) data.

According to this, about 77 lakh beneficiaries must be covered under Ayushman in Tamil Nadu. However, close to 1.47 crore families are being covered upto Rs. 5 lakh in the State, as it chose to enhance the cover for all beneficiaries under the earlier CMCHIS. The State's scheme offers cover of Rs. 1 lakh to Rs. 2 lakh per year for specified procedures for people with annual income of less than Rs. 72,000.

"Beneficiaries not included under Ayushman, but under the CMCHIS have also been extended the enhanced Rs. 5 lakh cover, the cost of which will be borne by the State," says TS Selvavinayagam, additional director of Public Health and Preventive Medicine.

Insurance/hybrid model

For a beneficiary nothing much changes, as he has to produce the CMCHIS card to claim benefits under Ayushman. At the back-end though, the burden of the enhanced cover for larger number of beneficiaries will fall under the State. United India Insurance, which is the State's insurance partner for the earlier CHCHIS, will cover only specified procedures up to to the sum insured of Rs. 1 lakh or 2 lakh. "As per the existing tender which is up to 2022, the insurance company will take care of specified procedures up to the sum insured of Rs. 1 lakh or Rs. 2 lakh. For uncovered procedures beyond the sum insured, reimbursement will be done by the State," explains Selvavinayagam.

The State has retained its package rates under the earlier CMCHIS rather than going with those under Ayushman, which has led to seamless empanelment of hospitals for Ayushman. Currently Tamil Nadu (at about 1,700 hospitals) ranks second after Gujarat in terms of number of empanelments.

TOP

Source

Insurance through WhatsApp: What is it, how to do it? Here's all you need to know – Financial Express – 12th January 2019

Gone are the days when WhatsApp was used only for sending text messages to one's friends and family.

Taking advantage of this platform, various insurance companies have now launched AI-enabled WhatsApp channel for customer servicing. Since last year, the Indian Health Insurance industry has been bringing out various customer-centric initiatives, to benefit policyholders and insurers. Recently, Aditya Birla Health Insurance Co Limited (ABHICL), the health insurance arm of Aditya Birla Capital, launched this platform to services its customers.

With this new platform, customers can avail different benefits at their fingertips, anywhere, anytime, using WhatsApp, which is one of the highest used communication channels in India. Mayank Bathwal, CEO, Aditya Birla Health Insurance, says, "Customers can get their service requirements being met in a simple, fast and convenient way using the popular WhatsApp platform."

What can you do?

Unlike the traditional menu-based approach of selecting options, now you will be able to use the official WhatsApp accounts of these companies to type any general query and have it answered on a real-time basis. You can use WhatsApp chat to get information about your policy. For instance, policy details including due details, fund value, and tax certificates can also be fetched. You can also update your profile on a real-time basis and locate the nearest company branch for a further visit. Other than this, through this channel, you can do and get other policy related processes like the name change, nominee change, payment mode change, claim status and revival information.

However, in the case of policy-specific queries, insurers would be first authenticated after which they will be able to get information about their policies. Experts say, this is done to make the process and the

platform more secured. Currently, this feature is extended on new policy issuance. A link will be sent to the new customer which will help them to download the policy document.

Additionally, the company is also planning for the existing customers to get renewal messages and self-servicing options on the WhatsApp platform. Adds Bathwal, "We have created this digital asset in the health insurance category which ensures us to engage with our customers at various touch points. Hence, we have launched the WhatsApp platform for our customers to experience seamless communication and flow of information about their policy anytime and anywhere at their fingertips. Knowing the popularity and reach, we hope to use this platform as an effective medium to touch base with our customers."

TOP

Source

CROP INSURANCE

Private insurers set to make Rs 3000 crore profit from crop cover, PSUs in loss – The Indian Express – 17th January 2019

ELEVEN private insurers are set to register profits of over Rs 3,000 crore cumulatively from crop insurance business for the year-ending March 2018 as against the Rs 4,085-crore losses incurred by state-owned insurers, raising questions about allocation of business. Premiums collected by private insurers from the government were higher than the claims made by farmers for crop losses due to floods, earthquakes or shortfall of rain during the year.

CROP INSURANCE

(AS OF MARCH 2018)

Company	Farmers covered	Gross premium	Claims	Beneficiaries
AIC	161.23	7,893.3	12,339.3	142.01
NIC	36.91	1,437.6	1,317.4	11.82
New India	29.07	1,784.4	1,218.2	3.54
Iffco Tokio	24.33	1,078.6	1,863.04	13.58
United India	30.31	1,470.4	1,489.4	26.59
HDFC Ergo	23.64	2,201.3	1,772.3	13.74
ICICI Lombard	21.63	2,371.06	1,362.0	18.70
Bajaj Allianz	32.38	1,835.3	1,148.5	5.18
Reliance General	30.49	1,181.1	475.9	17.84
TOTAL	474.96	25,291.5	26,050.5	275.4

Note: Gross premium and claims in Rs crore; Farmers covered and beneficiaries in lakh numbers.
Source: IRDAI Annual Report

According to the annual report of the Insurance Regulatory and Development Authority of India (IRDAI), as much as Rs 11,905.89 crore was collected by 11 private sector insurers as premium, but they faced insurance claims of only Rs 8,831.78 crore.

Five PSU insurers collected Rs 13,411.1 crore in premium from the government and farmers, but farmers made claims of Rs 17,496.64 crore due to crop losses. Among PSU insurers, Agriculture Insurance Company of India Ltd (AIC) accounted for the bulk of the losses.

The central and state governments pay 98 per cent of the premium, and farmers contribute just 2 per cent.

The data of PSU insurers shows that the premium collected is not enough to cover the claims made by farmers, as a major chunk of it — 80-85 per cent — is reinsured and they can recover the losses from reinsurers. The AIC alone has a deficit of Rs 4,446 crore as the main crop insurer has received claims worth Rs 12,339 crore from farmers as against the premium of Rs 7,893 crore, IRDAI data reveals.

K K Srinivasan, former Member, IRDAI, said, "IRDAI data does give an impression that the value of claims reported to PSU insurers (and AIC) is higher than the gross written premium. On the other hand, private sector insurers seem to have generally made a profit on gross basis"

"There may perhaps be a need to relook the manner in which business is allocated to insurers — public and private. The data does not give the net position after reinsurance. The portfolio is believed to be

substantially reinsured with GIC, the national reinsurer. If that be the case, GIC will take a hit in their books, unless they are protected by retrocessions," Srinivasan said.
Profits for insurers from the government's crop insurance scheme — Pradhan Mantri Fasal Bima Yojana (PMFBY) — are expected to rise further as actual disbursals are likely to be much lower than the claims made by the farmers. Lower claims have already left a profit of Rs 3,074 crore in the books of private players.

Of the total 474.9 lakh farmers who were covered under crop insurance PMFBY and Restructured Weather Based Crop Insurance Scheme (RWBCIS), 275.4 lakh farmers made claims worth Rs 26,050 crore as of March 2018. This works out to more than 100 per cent claim as insurers collected only Rs 25,291 crore as premium. These estimates are preliminary calculations without considering the reinsurance recovery.

According to an insurance sector official, all claims made by farmers may not result in actual disbursals. "Actual disbursals will be much lower. The profits of insurers will only increase as claims are processed in the coming months. Monsoon during the period was normal. But some states like Madhya Pradesh witnessed more claims," said an insurance company official who did not wish to be named.

Farmers have also realised it's a long wait for claiming money under the scheme. Delay for reimbursements can go up to 18 months with the Centre and states delaying the payment of premium to insurance companies, industry officials said. Most states are delaying payment of premium which, in turn, leads to delay in payments to farmers, said a former chairman of an insurance company.

Among private players, ICICI Lombard has a profit of over Rs 1,000 crore as it received claims worth only Rs 1,362 crore as against gross premium of Rs 2,371 crore. Reliance General has a profit of Rs 706 crore while claims were Rs 475 crore against a premium of Rs 1,181 crore.

Bajaj Allianz has a surplus of Rs 687 crore (claims of Rs 1,148 crore against premium of Rs 1,835 crore). HDFC Ergo has a surplus of Rs 429 crore as of March 2018 as it received claims of Rs 1,772 crore, according to IRDAI.

Among PSU insurers, New India Assurance has a profit of over Rs 500 crore (claims of Rs 1,218 crore against premium of Rs 1,784 crore). United India Insurance has over 100 per cent claims of Rs 1,489 crore as against the premium of Rs 1,470 crore by March 2018.

In the case of PMFBY, while the insurance companies charge the actuarial priced premium rate (APR), the farmer has to pay a maximum 2 per cent premium for Kharif and 1.5 per cent for Rabi crops and 5 per cent for commercial/horticultural crops.

The difference between actuarial premium rate and the rate of insurance charges payable by farmers is being treated as the normal premium subsidy, which will be shared equally by the Centre and states. This means as much as 98 per cent of the premium is paid by central and state governments.

The PMFBY mandates compulsory coverage for all loanee farmers and non-loanee farmers too are encouraged. The scheme is open to all food and oilseeds crops and annual commercial/ horticultural crops for which past yield data is available and for which requisite number of Crop Cutting Experiments (CCEs) are conducted as part of the General Crop Estimation Survey (GCES).

However, to reduce the basis risk (i.e. mismatch in farmer expectations and payment from scheme) under the PMFBY, localised losses (due to hailstorm, landslide and inundation) and post-harvest losses (due to cyclone/ cyclonic rains and unseasonal rain) are assessed on individual farm level survey basis. PMFBY also protects farmers in the event of the 'insured area being prevented from sowing/ planting' due to deficit rainfall or adverse seasonal conditions.

According to IRDAI, to provide immediate relief to the insured farmers in case of mid-season adversaries causing expected yield to be less than 50 per cent of threshold yield, PMFBY provides for On-Account partial payment (up to 25 per cent of likely claims) without waiting for final yield data.

TOP

Source

RTI: Pvt. firms make a killing from crop insurance scheme – The Tribune – 11th January 2019

Rs 11 crore in a day! That was the average of profit of the private insurance companies from Pradhan Mantri Fasal Bima Yojana in the past two financial years.

There were 18 companies that got contracts under the crop insurance scheme. Out of them just five are in public and 13 in the private sector.

So far in the two years of the scheme, all 18 companies earned profit of Rs 15,795 crore. However, a big share of the profit has gone to the private companies as they earned Rs 8,147 crore.

In year-wise break-up, in the 2016-17 financial years, the profit of 13 private companies was Rs 3,283 crore and in 2017-18, their profit was Rs 4,863 crore.

Among private insurance companies, 80 per cent of the profit went to just five companies. Among them, HDFC topped the chart with Rs 1,816 crore profit, followed by Reliance at 1,361 crore, Universal Sompo General Insurance Company Rs 1,195 crore, ICICI Rs 1,193 crore and SBI General Insurance Rs 1,059.

Besides, other major private beneficiaries were Bajaj Allianz General Insurance Company at Rs 815 crore, followed by Bharti-AXA Insurance Company Rs 302 crore, Cholamandalam MS General Insurance Company Rs 182 crore, Future General India Insurance Company Rs 111 crore and Shriram General Insurance Company Rs 107 crore.

Ropar-based activist Dinesh Chadha, who procured the information under the RTI Act, said the Central government should make its position clear on the scheme.

“The big corporate houses have been given bailouts in the name of poor farmers. The government owes answer to the people whether the scheme was started for the benefit of farmers or for big corporates?” he asked.

Earlier, rural affairs journalist P Sainath has already termed the scheme as one of the biggest scams in the history of independent India. He said the finance capital in alliance with the government had waged a war on poor farmers of the country.

The Pradhan Mantri Fasal Bima Yojana was started in 2016, aiming to provide financial support to farmers suffering from crop failure.

TOP

Source

MOTOR INSURANCE

EPCA to work with insurance companies to ensure mandatory linking of PUC with vehicle insurance - Business Standard – 14th January 2019

The Environment Pollution Control Authority (EPCA) Monday said they will work with insurance bodies to ensure complete compliance of the Supreme Court order of mandatory linking of pollution under control (PUC) certificate with issue of annual vehicle insurance.

The insurance bodies said they will also start a pilot project in Delhi region to identify the set of vehicles that do not come back for registration of the PUC.

"We will then share the details of such vehicles with the Transport Department," the companies said.

The EPCA also said it would direct the Delhi government to "strongly advertise that insurance is mandatory and so is PUC".

"What we can make sure that there is good compliance of the order in Delhi NCR," said Sunita Narain, EPCA member.

"Let us work towards 100 per cent insurance and 100 per cent PUC compliance in NCR and see what the loopholes are and let us see how the improvements can be made," she said.

In July, the Insurance Regulatory and Development Authority of India (IRDA) had said vehicles without a PUC certificate will not be insured.

The IRDA, in a notification, had directed all general insurance companies not to insure a vehicle unless it has a valid PUC certificate. Vehicle insurance is renewed every year. The insurance regulator's move follows an order of the Supreme Court in this regard.

In August 2017, the apex court in M C Mehta vs Union of India and others case had directed insurers not to insure a vehicle unless it has a valid PUC certificate on the date of renewal of the insurance policy.

It is mandatory for every vehicle owner to have a valid PUC certificate to comply with the prescribed emission norms. A vehicle without such certificate is liable to be prosecuted under the Motor Vehicles Act.

Computerized facilities for checking pollution levels and issue of PUC certificate - to vehicles meeting emission standards - are available at many petrol pumps/workshops.

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Source

SURVEY & REPORT

70% Indians willing to share health data for insurance discounts: Study - The Economic Times – 14th January 2019

A study by healthcare firm GOQii has found that nearly 90% Indians believe healthier people should pay lesser premiums on their insurance policies.

Over 70% Indians are willing to share their health data with insurance companies if it helps them get a discount on premiums, a study by preventive healthcare company GOQii has found.

Moreover, nearly 90% of people believe healthier people should pay lesser premiums on their insurance policies. The poll that was conducted over a year covered 7 lakh GOQii customers. Close to 63% Indians feel having a health insurance policy is an absolute necessity and approximately 85% believe health insurance should be bought by the age of 30, the report found. Despite increasing awareness, 20% of the respondents said they do not have a insurance policy.

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OPINION

The final step before buying insurance – Mint – 17th January 2019

Buying insurance, particularly term or health, can be an intense process. Forms are to be filled, KYC documents provided, medical tests undergone and payments made. So, when the insurer tells you that the insurance is done, most heave a sigh of relief, and file the insurance contract somewhere. Don't do that. There is one final step before you can switch off and that is to read through the policy kit. The first page of the policy contract captures the most critical information of your insurance and if it is not correct, you run the risk of delays in claim payment or even claim rejection. Mistakes on this page do take place. These are mostly errors that can and should be corrected immediately.

In life and health insurance, check six details in the final policy documents thoroughly: personal information, nominees, illustrations, proposal form submitted, special endorsements and the insurance start date. This will take you all of five minutes but can save your family months of effort if a claim is made. Incorrect personal information, such as a misspelled name or date of birth, will require extensive documentation to correct when a claim is filed. If you are hospitalised they will compare details on your contract with your identity documents. Mismatches result in delayed approvals. A nominee should be correctly named and the relationship with you specified.

Read through the copy of your proposal form carefully. This has often been a bone of contention because most sign a blank form and leave it to an advisor to complete. In health insurance, your family and your own medical history must be accurate. Make sure you agree with the diseases listed as pre-existing by the insurer. A friend suffered from joint pain in one hand and the pre-existing diseases list excluded any orthopedic conditions. In another case, someone with an injury in one eye had all eye-related matters excluded. These pre-existing conditions can be corrected when placing the insurance. Diseases that you have declared should be clearly listed in your proposal form. Recently, a friend realized that they had a fake policy issued by the salesperson because a declared cardiac ailment was not listed. While reading through the proposal form, look for inaccuracies even if they don't seem important to you. An overstated income may be problematic because the insurer could question the amount of insurance you have. A family history of diabetes not listed in the proposal may be treated as material non-disclosure.

Read the life insurance illustration in your contract kit. You should have seen and signed this document before. This is the most reliable way to understand what you have bought. If you thought that you have bought limited pay insurance but the illustration shows payments throughout the policy then that must be corrected. If a promised guarantee is not shown in the illustration it will not be paid.

Particularly in life insurance, there can be many special conditions under which the insurance is bought such as the Married Women's Protection Act (MWPA) or key man. MWPA ensures that your insurance cannot be attached against any liability you may have. This is used by business owners who give personal guarantees to ring fence their insurances. If your insurance does not have such an endorsement then you cannot protect it under the MWPA. Similarly, key man insurance has to be marked as such if the claim amount is to be paid to the company instead of the employee.

The date when you first bought the insurance is most important. All waiting periods are calculated from this date onwards. In health insurance, the waiting period is when pre-existing diseases can be rejected. In life insurance, it marks the start of the three-year period after which a claim cannot be contested by the insurer. Sometimes the start date gets reset if you make any changes in the insurance or if there is a system change at the insurer.

Reading the first page of the contract is important in other insurances as well. In a home insurance, verify that the address is correct and your basement or terrace listed in the insurance. These can be reasons for claim rejection.

These checks must be done each year in annually renewable insurances such as health and home insurance. Changes from year to year do happen and you don't want to be caught on the wrong side of this mistake.

(The writer, Kapil Mehta is co-founder, www.securenow.in)

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Source

Tech trends that will impact insurance industry in 2019 - Financial Express – 15th January 2019

The continuous innovations in the marketplace along with digital interactions across various channels are transforming and modernizing the insurance industry as well.

Technology-related changes are happening globally at a significant pace and almost every industry is striving to become 'smarter' by being more informed about the outside world and more adaptive to the consumer-related needs.

When talking about insurance industry, we must be aware of the fact that the life of human beings is constantly surrounded by risks and uncertainties, and insurance as a savior plays a great part in mitigating these risks.

The competition in the insurance industry is as intense as any other industry and all thanks to the evolving markets and existing players that strive to innovate each day. The continuous innovations in the marketplace along with digital interactions across various channels are transforming and modernizing the insurance industry as well. The consumers these days have become more informed and most importantly, demanding. In order to deliver whatever the market demands, the insurance industry also needs to implement emerging technological trends and redefine their ways of operation.

Here's a quick look at some of the latest trends that are expected to engulf the insurance industry and help 'only' those who adapt them to stay on top of the competition.

Machine Learning

In the context of a rapidly-evolving competitive market, insurers are completely focusing on marketing and issuing the policies more efficiently. Most of the insurers have already implemented technology to provide high-quality multi-channel customer service at highly optimized cost. The insurers have now even started exploring and investing in machine learning and automation for all their business operations start from marketing and underwriting of the insurance products to claims processing, settlement and reimbursement.

Though advanced technologies like automation and machine learning were already present in the insurance from the last few years, it was only restricted to simple and convenient processes like data entry, compliance checks and standard customer communications that demanded least decision-making skills. All thanks to the capabilities of intelligent systems, the insurers have now finally started to explore the many more perspectives of automation like automated claims inspection, verification and settlement.

Big Data Analytics

There is nothing denying the fact that insurers in India are gifted with a treasure trove of data. The inflow of data starts with the very first step of targeting and acquisition of customers, further builds with the

policy and claims cycle, and concludes with the final settlement process. With the introduction of new digital technologies in insurance sector as well, the scope and format of information has changed drastically. The data usually comes from new innovative sources, including wearable fitness devices that are connected to the IOT, telematics and social media.

Making use of predictive modelling in motor insurance sector can play a great role in accurate assessment of the driver's driving behaviour. It can be used for comparing the behavioural data of the drivers with that of thousands of other drivers already present in the company's database. While all of the data accumulated can be leveraged by insurance providers to achieve key objectives, it is also possible to develop innovative insights.

Artificial Intelligence

Artificial Intelligence or AI has surely become the buzzword in the world of technology today as it continues to present businesses with endless possibilities across various industries and insurance is no exception. In the last few years, AI has eventually started seeping into the various aspects of the insurance sector, adding value to the different business processes.

The market experts believe that the different applications of AI in the insurance industry will change the way insurers carry out their business operations.

The many facets of AI, including Text Analytics, Audio, Image and Video Analysis, Robotic Process Automation, and Decision Management, are sure to make substantial impact in the insurance sector. Many insurers have already started using AI in evaluating the risks and identifying insurance offers that rightly meet the needs of the customers. Moreover, AI is also being combined with core activities such as claims processing to improve efficiency.

Block chain Technology

Block chain – Distributed Ledger Technology, is one of the most powerful technology trends that will revolutionize the insurance industry in the year 2019. Some of the insurers have already started using Block chain technology for client validation and identification of fraudulent activities like false claims and approvals. The transactions that are carried out using Block chain platform are highly secure and remain traceable at each point.

The insurance sector has begun to use Block chain for client validation and identification of fraudulent activities, like false claims and approvals. The integrity of Block chain technology helps minimize counterfeiting, double booking, contract alterations and fraudulent claims. It also brings about higher transparency and security in the overall insurance journey.

Internet of Things

The biggest trend that will significantly impact the insurance industry in the year 2019 is Internet of Things, or IOT – all of the world's connected devices. Combining insurance with IOT is all about connecting the insurance sector with consumers and their risks.

The key advantage of IOT in insurance industry will be the inflow of maximum data which will enable the insurers to more effectively determine rates and provide customized services while keeping the assets of the consumers safe and secured.

Innovative health technologies and products like Wearables are giving insurers massive amounts of data that can be used to price the premiums of policies more fairly and help customers prevent any injury and disease. IOT even helps motor insurance companies to identify the best drivers and thus price the premiums more profitably. Connected car and mobile technology can surely help in crafting next generation of insurance products.

(By Rahul Agarwal, Chief Technology Officer, and Policybazaar.com)

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Source

PENSION

Only 12-13% of workforce under pension cover – Financial Express – 15th January 2019

Pension Fund Regulatory and Development Authority (PFRDA) chairman Hemant G Contractor said only 12-13% of the workforce is covered under pensions. This reach has percolated mostly to the organised sector, which is backed by statutory benefits, and the challenge lies in taking these products to the unorganised sector.

According to Contractor, the draft labour code, currently in the pipeline, could be a breakthrough in the economic history of India.

He said a large section of the population does not have access to such products, resulting in less penetration. Only 12-13% of the workforce is covered under pensions. The health cover stands at 27% and the life cover is at a comparatively low rate, Contractor said.

The government has taken initiatives in this regard through schemes such as Ayushman Bharat and the Atal Pension Yojana to meet the gap in demand, he said. Contractor was speaking at the 20th Annual CD Deshmukh Memorial Seminar, organised at the National Insurance Academy in Pune.

The benchmark for a country's development cannot just be measured through the GDP, but on a holistic metric comprising health, wealth and most importantly, happiness. These depend on providing individuals with effective mechanisms to protect them from economic risks, he said. This can be achieved through insurance and financial products.

Nilesh Sathe, member (life), Irdai, said the life expectancy has risen in the country, but the lack of long-term products could pose a challenge for the same. New challenges such as the phenomenon of double-income-no-kids families and the climate change are emerging, Sathe said.

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IRDAI CIRCULAR

List of corporate agents registered with the authority as on 31st December 2018 is available on IRDAI website.

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IRDAI (International Financial Service Centre Insurance Intermediary Offices) Guidelines, 2019 is available on IRDAI website.

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Source

IRDAI issued terms and conditions of life products for F.Y. 2018-19.

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First year premium of life insurers for the period ended 31st December, 2018

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Source

IRDAI issued circular regarding submission of reinsurance returns and programme.

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GLOBAL NEWS

Indonesia: Bancassurance to continue to drive life sales this year – Asia Insurance Review

The Indonesian Life Insurance Association (AAJI) has assessed that bancassurance will continue to be a pillar in insurance distribution this year, given the channel's broad market share.

AAJI forecasts that total life premiums generated through the bancassurance channel this year will grow by 15-30% compared to 2018.

Based on AAJI data for the third quarter of 2018, the bancassurance channel contributed 42% or IDR59.19trn ($4.2bn) to total life premiums. In comparison, the agency channel contributed 39.7% and alternative channels brought in 18.3%, reported Bisnis.

AAJI Executive Director Togar Pasaribu said that bancassurance growth was generated through increasing the number of partnerships between life insurance companies and banks as well as offering more new products.

"In addition, life insurance marketing through bancassurance is also easier because the targeted market is a segment of the community that understands financial services."

To further take advantage of bancassurance opportunities, Mr. Togar suggested that insurance companies carry out a survey to find out the characteristics of insurance products needed by the community.

"Many banking customers do not have insurance products yet, so that will be a great opportunity for the life insurance industry to work with banks," he said.

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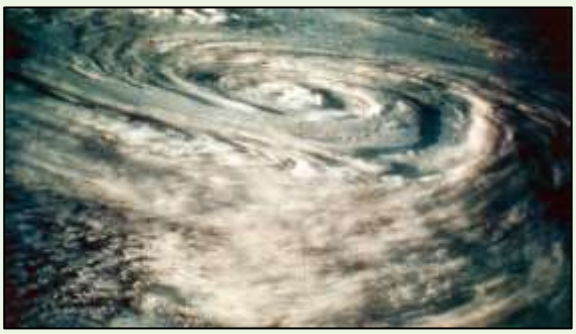
Global: 1 Jan reinsurance renewals muted despite high CAT losses – Asia Insurance Review

The overall impact of catastrophe losses on property rates was muted at the 1 January 2019 reinsurance renewals, but the fourth highest annual catastrophe loss year on record did create questions over pricing adequacy, underwriting strategy and the amount of capital available, says Guy Carpenter, a leading global risk and reinsurance specialist and a wholly owned subsidiary of Marsh & McLennan.



In its annual renewal report, the company said potential sector pressure from global catastrophe losses in the second half of 2018 and the continued development of 2017 claims was at least partially offset by plentiful capacity. As a result, its Global Rate on Line (RoL) Index, a measure of change in catastrophe premium dollars paid year-on-year, increased by just 1.1% despite back-to-back years of major loss accumulation.

Contributions to the Index from the two largest sectors, the US and Europe/Middle East/Africa (EMEA), increased by 2.6% and decreased by 2.5%, respectively, but there was a wide degree of variation within these results depending on account specifics. For some European renewals, the uncertainty around

Brexit affected their willingness to use Lloyd's capacity, but this had little effect on renewal outcomes as additional capital was available.

While Japan also experienced significant catastrophe activity, any renewal impact will not be evident until the 1 April renewals conclude.

While upward movement in property pricing was limited to localised activity, the effects on profitability from losses in this sector put pressure on other lines to achieve or maintain self-sustaining levels. As a result, in addition to increases on loss-impacted business, increases on some non-loss-impacted casualty and specialty business were achieved.

Pricing adequacy

"While the impact on 1 January renewals overall was muted, this was a more challenging environment for some segments than it was a year ago. The industry is dealing with questions of pricing adequacy and where and to what degree adjustments might be needed. Finding equilibrium was not always easy and questions remain coming out of this renewal," said Mr. David Priebe, vice chairman at Guy Carpenter.

Conditions for upcoming 2019 renewals are uncertain as capital providers integrate recent experience into their market approach. Diminishing profitability as well as uncertainty over the amount of available convergence capital impacted retrocessional renewals at 1 January, but it is unclear what this might mean for broader market dynamics going forward.

As the events of 2018 unfolded and 2017 losses continued to develop, increasing amounts of collateralised capital were lost or restricted by trust agreements. If this trend continues, or capital providers in general are more conservative in their commitments, deployable capacity may become more broadly constrained. However, there are also signs capital may increase, with several initiatives reportedly in progress to bring in new funds.

Additional challenges

As the industry continues to refine the process by which capital supports risk, the evolving nature of those risks is creating additional challenges. The effects of climate change are not fully known but may shape the industry's future assessment of exposure to loss, and emerging risks such as cyber have the potential to rival or exceed the exposure from any event currently considered. Market participants may need to adapt their approach to a shifting landscape, but capacity is likely to remain plentiful for risks that can be adequately measured and priced.

Guy Carpenter is a leading global risk and reinsurance specialist with more than 2,300 professionals in over 60 offices around the world.

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China: Regulator eyes opening market wider to foreign insurers – Asia Insurance Review

China will consider further opening up its financial markets this year to improve the sector's competitiveness, the CBIRC has said.

The government will research new opening-up measures and expand the scope of liberalisation, with particular interest in allowing professional foreign insurers with strong compliance awareness to enter the Chinese market, Mr. Xiao Yuanqi, a CBIRC spokesperson said at a press conference.

Mr. Xiao said China would not only like foreign firms to set up branches and invest in China, but also hoped for them to bring in specialists and technology, reported the Xinhua news agency.

China introduced over 10 measures to open up its banking and insurance sectors last year, including easing ownership restrictions and enabling access to a number of niche markets.

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Thailand: Insurance market sees stable growth of around 5% - Asia Insurance Review

The Thai insurance industry is estimated to have generated an annual total insurance premium of THB862.1bn ($27bn) last year, growing by 5.3% over 2017, according to the Office of Insurance Commission (OIC).

The life sector is estimated to have contributed THB632.6bn of the insurance premiums in 2018, with growth of 5.4% over 2017. This represented 73% of the total industry premium. The non-life insurance sector chalked up premiums of THB229.5bn last year, growing by 5.1% over 2017.

2019 forecast

For 2019, the total insurance industry is forecast to grow by 4.9-5.9% to reach premiums of at least THB904.6bn, said the OIC. Life insurance premiums are predicted to hit over THB664.4bn this year or see a growth rate of 5-6% while the non-life segment is forecast to grow by 4.7-5.7% to chalk up premiums of at least THB240.2bn.

The Secretary General of the OIC, Dr. Suthiphon Thaveechaiyagarn, told the local media that the Thai economy would continue to expand this year. Public sector investments would grow and private sector investments would increase.

Announcing the direction in which supervision of the insurance industry would head this year, he said that the OIC would focus on the following tasks:

- Develop strong and stable insurance business.
- Promote and support the insurance industry to play its role in strengthening and stablising the economic system of the country, and
- Protect the rights of the insured yet ensuring supervision is balanced and not onerous for insurance operators.
- These goals will be achieved through give five strategies, namely:
- Promote the development of new insurance products. Implement a more efficient way of approving new insurance policies. Cancel outdated regulations or those which obstruct insurance business development
- Develop standards for the operation and work systems of the OIC.
- Create and expand network of industry partners and promote the insurance industry.
- Develop a system of monitoring stability
- Develop the potential of technology so as to increase efficiency in the insurance system of the country.

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Source

New Zealand: Number of life policies stagnant since 2013 – Asia Insurance Review

The number of life insurance policies (an indicator of the number of people insured) issued in New Zealand has been static since the beginning of 2013, and growth potential would appear to be modest, according to a report released last month by the Financial Services Council (FSC).

Premium revenue from new customers for life insurers in New Zealand has been lower than the reduction in premium income from lapsed and cancelled policies since around 2012.

The report, entitled "Towards Prosperity – An insight into New Zealand's financial services industry", says that this suggests that customers with new or terminating policies are more price sensitive than the shrinking core group of existing policyholders.

Premium revenue for the industry has only continued to rise because of the contractual increases in premiums for existing policyholders for factors such as inflation and the increased risk due to policyholders getting older. These increases now average almost 8% per year – well above the rate of inflation.

Changing demographics and lower home ownership rates mean traditional triggers for insurance are changing. The numbers of households that either own the house in which they live or have dependent children—the prime market for life insurance—barely changed between 2006 and 2013 despite a growing New Zealand population. Today, they account for about 30% of New Zealand households, and renters are now the fastest growing household group.

Health insurance

Meanwhile, health insurance has recorded steady growth over the past five years. Industry operators have reported an increasing volume of claims paid over that time, on the back of a rising population aged 50 and over. This has forced health insurers to raise premiums to maintain profitability. However, a long-term decline in private health insurance membership numbers is anticipated as policies become less affordable and cancellations continue among people aged over 50.

The report, the FSC's first edition, was researched by the New Zealand Institute of Economic Research (NZIER). The FSC is a non-profit organisation and the voice of the financial services sector in New Zealand. Its 34 members comprise 95% of the life insurance market in New Zealand.

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Source

Indonesia: Lethal tsunami leaves insurers' financial health unaffected – Asia Insurance Review

The financial health of insurance companies in Indonesia will not be affected by the 22 December tsunami in the Sunda Strait because of good risk management and strong capital, says Fitch Ratings.

In a statement, Fitch also states that Indonesia's insurance industry was not affected even though it had to pay large amounts of post-tsunami claims that hit Banten and Lampung.

Fitch Ratings insurance analyst Jessica Pratiwi said that although the profitability of insurance companies will be affected, insurance companies have appropriate disaster risk management and strong capital support.

Fitch cited data from PT Reasuransi Maipark Indonesia that the total insurance coverage in these two regions reached IDR307trn ($21.7m). Insurers' geographical exposure in coastal areas is considered low. Of the total, around 5% are in coastal areas with 50 potential claims amounting to under IDR15.9trn.

"We don't think there will be a significant escalation of claims that can affect insurance companies," Jessica said.

The tsunami, caused by an undersea landslide, killed more than 400 people and injured more than 1,400 others.

The profitability of insurance companies in 2018 is considered to have been disrupted after several disasters hit Indonesia. In addition, insurance companies need to recalibrate their disaster reinsurance coverage amid the increasing frequency of disasters.

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Source

China: Life insurance market forecast to rebound in 2019-2020 – Asia Insurance Review

China's life insurance sector will see premium growth rebound in 2019 and 2020, reported the Xinhua news agency citing a forecast by global reinsurer Swiss Re Group.

Life insurance premiums in the country are expected to post an annual growth of over 10% in the coming two years, saidthe China Securities Journal quoted Dr Xing Li, an economist analyst with Swiss Re.

The premiums will rebound due to relatively steady economic growth, the weakening effect of previous tougher regulatory policy for investment-linked insurance products, and a relatively low base of comparison in 2018, Dr Xing said.

China's life insurance premiums dipped 4.75% year on year in the first 11 months of 2018 to CNY1.97trn ($290bn), official data show.

2018 total premiums

Meanwhile, the deputy director of the Statistics and Information Department of the CBIRC, Mr. Liu Zhiqing, said at a regulatory briefing session that according to preliminary data, total gross premiums in the Chinese insurance industry reached CNY3.8trn in 2018, 3.9% higher than in 2017. Claims and benefits paid out totalled CNY1.2trn, 9.8% higher than in 2017. Total assets in the industry reached CNY18trn at 31 December 2018, 7.2% more than a year previously.

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Source

Japan: Plan to make liability insurance mandatory for cyclists – Asia Insurance Review

A transport ministry panel has agreed on a plan to call on local governments to pass ordinances aimed at obliging cyclists to take up liability insurance.

The plan was agreed at a first meeting of the expert panel, set up for discussion on compensation systems following a series of court rulings that ordered large damages payments over bicycle accidents in which pedestrians died or suffered serious injuries, reported Jiji Press.

According to the panel, headed by Kansai University professor KeijiHabara, only six of the country's 47 prefectures and five ordinance-designated major cities oblige bicycle users to buy liability insurance policies.

The number of collisions between cyclists has been increasing in Japan since 2015, rising to 2,749 in 2017.

Collisions between cyclists and pedestrians have almost leveled off. In 2017, 2,550 such cases occurred. Of cases in which the pedestrians died or were severely injured, the proportion of the cyclists involved who were confirmed to have bought insurance stood at 60%.

Noting that ordnance-based measures are effective, the panel will discuss related issues, including the scope of coverage of such insurance and the advisability of creating a compulsory liability insurance system for cyclists.

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Source

Australia: Resolving superannuation flaws will save billions for fund members – Asia Insurance Review

Australia's superannuation system needs to adapt to better meet the needs of a modern workforce and a growing pool of retirees. Structural flaws - unintended multiple accounts and entrenched underperformers - are harming millions of members, and regressively so, according to the Productivity Commission.

Fixing these twin problems could benefit members to the tune of A$3.8bn ($2.7bn) each year. A new job entrant today would have A$533,000 more when they retire in 2064, says the Commission in its report entitled "Superannuation: Assessing Efficiency and Competitiveness" that was released last week.

The report highlights several key points, including:

- While some funds consistently achieve high net returns, a significant number of products underperform, even after adjusting for differences in investment strategy.
- Evidence abounds of excessive and unwarranted fees in the super system. Reported fees have trended down but a tail of high-fee products remains entrenched, mostly in retail funds.
- Compelling cost savings from realized scale have not been systematically passed on to members as lower fees or higher returns. Much scale remains elusive with too few mergers.
- A third of accounts (about 10mn) are unintended multiple accounts. These erode members' balances by A$2.6bn a year in unnecessary fees and insurance.
- The system offers products that meet most members' needs, but members lack simple and salient information and impartial advice to help them find the best products.

Insurance is not delivering value

Not all members get value out of insurance in super. Many see their retirement balances eroded — often by over A$50,000— by duplicate or unsuitable (even 'zombie') policies.

Inadequate competition, governance and regulation have led to these outcomes.

Rivalry between funds in the default segment is superficial, and there are signs of unhealthy competition in the choice segment (including product proliferation). Many funds lack scale, with 93 APRA-regulated funds — half the total — having assets under A$1bn.

The default segment outperforms the system on average, but the way members are allocated to default products has meant many (at least 1.6m member accounts) have ended up in an underperforming product, eroding nearly half their balance by retirement.

Regulations (and regulators) focus too much on the interests of funds and not members. Subpar data and disclosure inhibit accountability to members and government.

Policy initiatives have chipped away at some problems, but architectural change is needed.

All trustee boards need to steadfastly appoint skilled board members, better manage unavoidable conflicts of interest, and promote member outcomes without fear or favour.

Regulators need clearer roles, accountability and powers to confidently monitor trustee conduct and enforce the law when it is transgressed. A strong member voice is also needed.

Commenting on follow-up action on the Productivity Commission's report, Australian Treasurer Mr Josh Frydenberg said, "The government will await the final report of the banking royal commission, which is examining the conduct of super funds and the regulators, before finalising its response to the Productivity Commission report into superannuation." He was referring to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry which conducted hearings last year. Its final report is scheduled to be submitted by 1 February 2019.

On 17 February 2016, the government tasked the Productivity Commission to develop criteria to assess the efficiency and competitiveness of the superannuation system and to develop alternative models for allocating default fund members to products.

Superannuation is compulsory for most workers and, with over 15m members collectively owning over A$2.trn in assets, it plays a central role in funding Australians' retirement.

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