



भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

INSUNEWS

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QUOTE OF THE WEEK

“Endurance is not just the ability to bear a hard thing, but to turn it into glory.”

William Barclay

INSIDE THE ISSUE

Insurance Industry	2
Insurance Regulation	10
Life Insurance	12
General Insurance	24
Health Insurance	28
Motor Insurance	41
Survey	41
Insurance cases	42
Pension	45
IRDAI Circular	46
Global News	46

INSURANCE TERM FOR THE WEEK

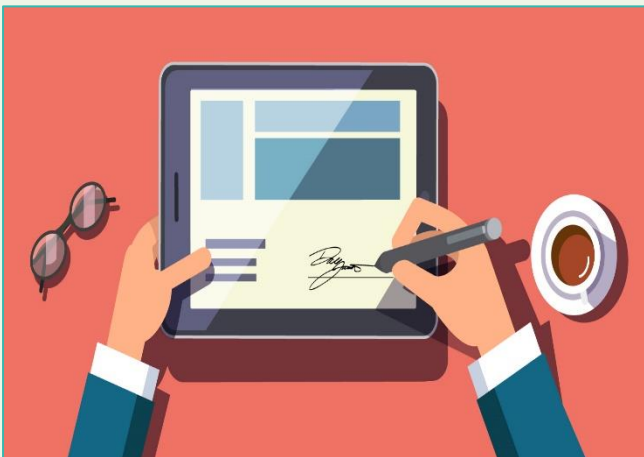
Agent of record

The individual or company authorized to represent an insured in the purchase, servicing, and maintenance of insurance coverage with a designated insurer. Most insurance companies will not disclose any information or discuss an insured's account with any agent other than the agent of record. An insured wishing to change insurance agents must submit a revised agent of record letter to the insurer authorizing them to release the insured's information and to discuss the insured's coverage with the new agent.

Source

INSURANCE INDUSTRY

E-Signatures: The key to unlock digital adoption in the Insurance Sector - The Economic Times - 11th November 2020



COVID-19 is changing the world, as we know it, in fundamental ways. Enterprises across different stages of digital maturity curve are doubling down and fast adopting the medium as the primary channel for communicating with the post pandemic consumer. As technology led accessibility becomes the key channel for addressing the evolving customer expectations, the insurance industry in India is fast growing to become more customer obsessed and experience driven.

The government is enabling this enhanced push towards digital with key policy changes as well. Recently, the Insurance Regulatory and Development Authority of India (IRDAI) has

brought in various measures to ensure insurers and policyholders are able to sell, purchase or claim insurance online. The IRDAI now allows insurers to send all life insurance policies electronically to the policyholder and obtain a customer's consent without requiring signatures on the hard copy of the proposal forms.

As digital takes centre stage, security and efficiency of engagement stand to play a foundational role in ensuring optimal customer adoption and continued engagement. "E-signatures" stand to play a crucial role in this context to underscore business success for the insurance sector in the new normal. Here is how:

Security Prioritization

As insurance providers take digitization to uncharted territories, there is a need to ensure there are enough check and balances to adhere to highly regulated norms in the insurance industry. Paper based documentation can easily be tampered with and signatures can be forged. Electronic signatures offer more security for verification and for permanent storage with accessibility. Enhanced security integrations are further upping the ante when it comes to making e-signatures a more trusted avenue for individuals and enterprises alike.

Enhancing Efficiency

When policy agreements are shared on paper or via fax, it can be challenging to know where customers are at in the signing process. This has become even more uncertain in the current scenario as delivery mechanisms and supply chains have been affected across levels as different parts of the country have been observing a lockdown. Tracking the location of physical documents is particularly difficult in such a situation, and the unexpected absence of a key stakeholder can derail the entire process. Electronic signatures here, allow for greater efficiency and transparency, giving insurers the ability to take action to move along the process by adopting reminder mechanisms or sending it to a different signing authority altogether, if required.

Accelerating Engagement

E-Signatures cut document workflow cycles from weeks to days – or even minutes. With a web or mobile browser, workflows can be completed much more quickly without compromising security or compliance. E-signatures allow customers to sign the policy immediately- anytime and from anywhere. Once the customer decides to purchase a policy, he/she can sign the policy agreement at his/ her own convenience and without the hassle of paper based dependencies and long drawn approval cycles.

Minimizing Oversights

The manual signature process has always been subject to oversight and consequently, one that could prolong the process of policy closure. For instance, it is common for the signing authority to overlook some of the fields that require signatures, or overlook to fill in some required fields therefore, making the application unsuccessful. E-signature adoption solves this problem for both the parties, as with e-signatures, the process can only be validated once the signing authority has filled in all the fields as required.

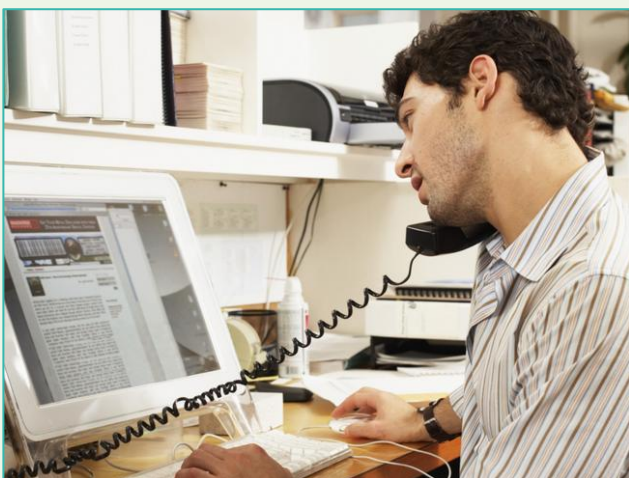
The new normal will be defined and led by enterprises which empower the customers and allow them the freedom to choose how and where they will transact with a financial institution. With digital becoming the primary mode of business engagement, the use of electronic signatures will be central to creating an easy, convenient, personal and accessible experience for the customers- all key tenets, which stand to underscore a winning customer experience in the post pandemic world.

(The writer is Girish Balachandran.)

[TOP](#)



Insurance Ombudsman Chennai has received 620 complaints so far, in 2020 -21- The Hindu - 11th November 2020



The Office of Insurance Ombudsman, Chennai, which covers Tamil Nadu and the Union Territory of Puducherry and parts of Karaikkal, has received 620 complaints so far in 2020-21 (till October 31, including the outstanding complaints at the beginning of the year).

In all, 569 complaints have been disposed of and 164 awards have been pronounced, according to a release.

Due to the prevailing COVID-19 pandemic situation, hearings are being conducted through video conferencing. Any aggrieved policy-holder, who has taken any life or general insurance policy as an individual or as a member of group insurance, can

approach this forum, it added.

The Ombudsman Rules 2017 also allow a sole proprietor and a micro-enterprise to approach the Ombudsman in case of any grievance against insurers. Under the provisions of the rules, the insurance ombudsman is empowered to provide compensation for the loss suffered by the insured complainant, due to an insured peril, up to a sum of ₹30 lakh.

Bimalokpal Day is being celebrated on November 11, every year. On the eve of Bimalokpal Day this year also, the Insurance Ombudsman office is conducting various programmes, to create awareness amongst the insuring public about the institution of the Insurance Ombudsman as a system to effectively redress the complaints of the aggrieved policy-holder, the statement said.

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How AI will transform claims management in the insurance sector - The Hindu Business Line - 9th November 2020



The term 'Artificial Intelligence' or AI has been in vogue for quite some time. We have usually seen the use of AI in science fiction movies like Matrix, X-Men, Avengers, etc., and frankly, the effects are intimidating. Artificial Intelligence continues to be a hot topic, and with the advancement of technology, AI is improving every day and has entered our lives. A 2016 research by Gartner reveals that by 2020, at least 30 percent of companies across the world will use AI in at least one area of their sales processes.

And surely, AI has made its presence felt in all sectors, be it e-commerce, healthcare, aviation, or insurance. Talking about the insurance sector, in India, insurance policies, including term insurance plans, continue to record relatively modest numbers since the market is largely under-penetrated. But the scenario is gradually changing as people are becoming aware of the importance of life. As companies jostle to increase their market share, one of the key determinants for prospective clients making up their minds is the claim- settlement ratio. But settling claims is not as easy as one may imagine; the main reason being insurance companies have to process thousands of claim requests every day, depending on the size of their customer base.

(The writer is Akash Anand.)

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[TOP](#)

How the Corona pandemic has impacted the Indian insurance sector? – IIFL - 9th November 2020

COVID-19 which began as a health crisis has now taken over as a financial one. With the global economy crashing and multiple sectors taking a major financial hit, the insurance industry has become a vital part of the new reality of the economy.

India is among the 15 worst COVID-19 affected economies. A McKinsey report suggests that the national GDP reverting to pre-COVID levels can take place as early as the Q-4 of 2020 or as late as the Q-3 of 2022. The outbreak has decreased the global insurance index by 22.6% leading to a decline in share prices by 25.9%.

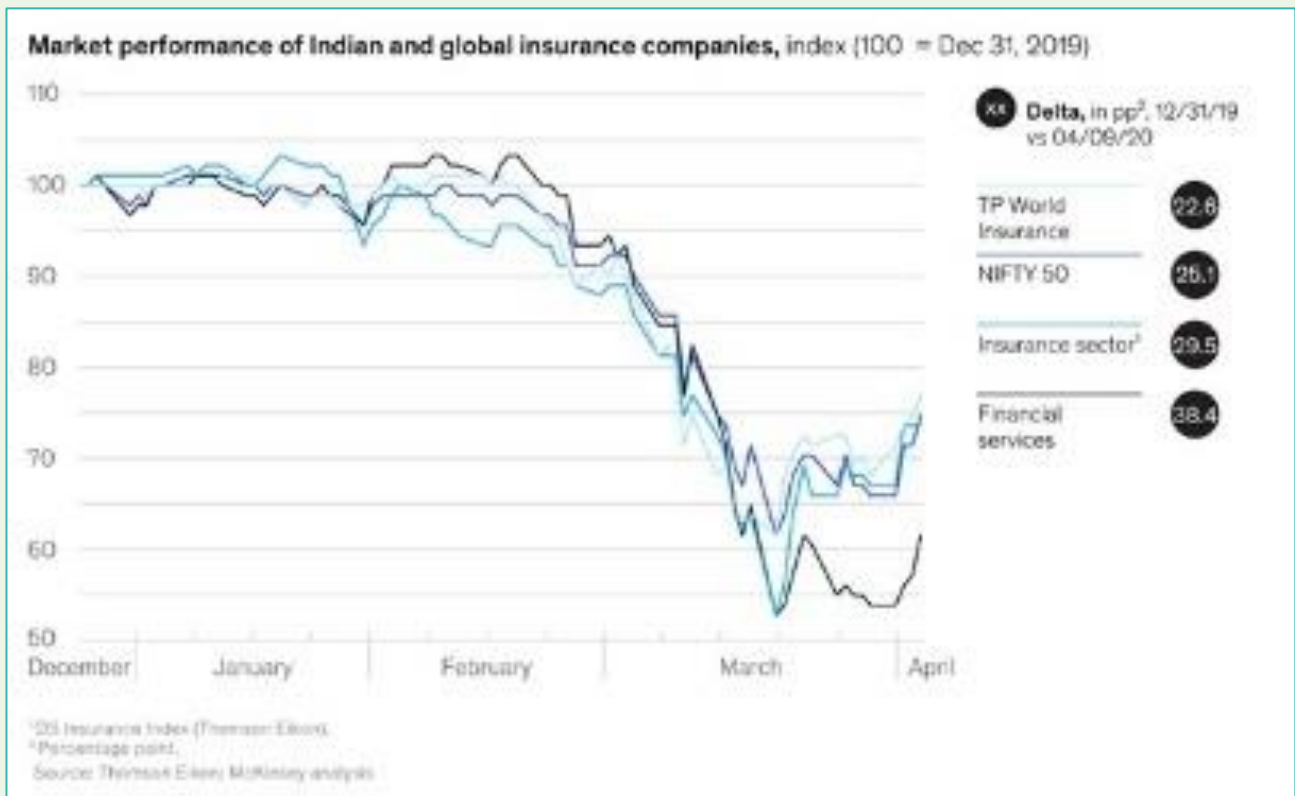


Image Source: McKinsey & Company

PwC states in one of its reports that the two productive months for the insurance industry - March for life insurance and April for non-life corporate renewals—have been hit by around 30% and 15%, respectively. Let us take a look below at the impact of the COVID crisis on individual insurance sectors and how the future currently looks for each of them.

Impact on individual insurance sectors

While the insurance industry like every other industry has taken a major hit during this pandemic, the future prospects of the industry seem hopeful. Given below is an analysis of challenges and opportunities in the individual insurance sector.

1. General Insurance

Since General Insurance undertakes the valuation of assets and businesses as well as their overall economic activity, it is benchmarked with the GDP of a country to measure the insurance penetration. Hence, a large proportion of the General Insurance sector is dependent on the performances of industries and individual businesses. So with the lockdown causing a hitch in the business sector, the General Insurance market has subsequently suffered. The overall sector is believed to look up as the global economy stabilizes by 2022.

2. Health Insurance

India traditionally has been an underinsured country when it comes to Health Insurance. However, with Government initiatives such as Ayushman Bharat which aims to insure the poor and vulnerable, the gap has somewhat been bridged but the Private Insurance Schemes have reported covering only 18% of the urban population and a little over 14% of the rural population. While the demand for health insurance is expected to increase considerably, underwriting thresholds may also go up and thus the negative movement may not be offset.

With the constant increase in the number of cases and the prolonged duration of the crisis, the IRDAI has mandated all general and health insurers to start offering Corona Kavach – an indemnity based health plan and Corona Rakshak – a fixed benefit health insurance – policies to their customers. These policies are meant for covering hospital and medical expenses of COVID 19 patients.

3. Life Insurance

Life insurance primarily protects the livelihoods of people and their future financial security. As a result, life insurance has a direct correlation with the earnings of people, their business performance, and net worth. Since the onset of the pandemic, there has been a rush to increase one's cover. According to the PwC report, pure life covers should see renewed interest, and thus, should see a boost in demand.

While long-term guarantees will look attractive, insurers will still face constraints as the interest rates plummet with consumers becoming more cautious about their investments, leading to a shaky stock market.

4. Automobile Insurance

The automobile sector, which accounts for over 35% of the overall insurance premium collection, was already witnessing a slowdown when the COVID-19 outbreak took place. The pandemic and the resultant lockdown further impacted the automobile industry thus reducing significant revenue for the insurance industry.

This blow turned out to be a major wake-up call for the industry experts who then started foraging for innovative approaches and solutions to keep their customer base engaged and interested. One of the innovative approaches is the "Pay-as-you-drive" model.

With most companies adopting the work-from-home policy, there has happened a drastic reduction in the number of motor vehicles on Indian roads resulting in a nationwide reduction in the number of kilometers driven. Thus, insurance customers who see a reduced usage for their vehicles this year and show a lower chance of availing a high-priced insurance coverage can avail of an insurance policy at a discounted rate under the "pay-as-you-drive" model. This new type of car insurance policy allows car owners to insure their vehicles for only the kilometers that they tend to drive against a general average yearly driving distance.

At a larger scale, the introduction of pay-as-you-use shall prove to be a significant shift in the history of automobile insurance in India as it seeks to become more responsive to the usage (and consequently) needs of the customers.

How the industry is rising up to the challenge?

The insurance industry rides on the back of other industries. Hence, unless the overall economy bounces back or the insurance industry finds business in hitherto uncovered areas, the industry is likely to struggle in maintaining its momentum.

The COVID-19 crisis has given rise to both immediate and potential challenges for the insurance industry in near future.

Insurance companies are taking required measures to ensure a smooth transition of the industry into the post COVID world. From the front offices encouraging their customers to connect digitally to supporting their agents financially in these uncertain times by providing them advance commissions, the insurance industry is set to witness a major transition. The major disruption will be caused by digitization which was already taking place in the insurance industry globally but the onset of the COVID crisis has accelerated the transition process. This would effectively mean that in the coming days the digital customers of the industry can expect only better choices and smoother delivery systems.

While the front offices are changing the way the insurance industry operates and interacts with its customers, the back offices are set to provide several relaxations and updated guidelines for insurers.

The industry deals with the possibility of claims being made on a policy for the next seven years in the case of some risks. Hence, for long-term contracts in life and pension, the sustainability of investment returns and margins will have to be recalibrated. Finally, the future of doing business has to be relooked at. While the insurance industry has to plan for long-term consequences, immediate focus should be concentrated on the following aspects:

- Traditionally, the insurance industry has been employee-centric. With the advent of digital disruption of the industry, there will be an impact on its vast employee bases in the foreseeable future. However, despite the switch to digital mode, a vast majority of the business will require one-on-one communication or face-to-face interactions. As a result, companies need to ensure that their agents have access not only to safety equipment in the office but also required data and applications to safely work from home.
- The insurance industry is supposed to help other industries and hence, cannot overlook any risks to its own existence. They must plan for business continuity in the light of future disturbances such as natural disasters, environmental issues, geopolitical crises, and the resulting instability of global regulations.
- The industry must be prepared for reduced cash flows due to the non-payment of premiums or delayed renewals.
- It also needs to carefully monitor decreased yield from the investment portfolio as interest rates fall from governmental actions to ease business.

Conclusion

In conclusion, it can be well established that moving ahead the insurance industry must learn from the past and choose solutions with a preference for a pragmatic and fast approach rather than looking for perfect solutions to meet the future industry challenges. Industry experts should also facilitate building a robust and resilient frame of operations as insurers begin adapting to the new normal.

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Source

View: A step forward in microinsurance with the IRDAI report - The Economic Times – 6th November 2020



If anyone had any doubt about the urgency for social security for the 50 crore informal workers of our country, then the current pandemic surely would have dispelled this. Most of these workers had little or no financial and social protection. Most had probably never heard of microinsurance, let alone have access to microinsurance products. Microinsurance came to the fore in the 1990's as a mechanism to protect low income individuals and families against risks such as death, accidents, sickness and natural disasters in exchange for insurance premium payments tailored to their needs, income and level of risk.

The Self-Employed Women's Association, SEWA, took up the challenge of providing microinsurance in 1992, as we witnessed how informal women workers slowly emerged from poverty, only to be faced with accidents and illness. Hardly have they got back on their feet then the next crisis strikes, and usually it is the poorest and most vulnerable of women and their families who are the worst hit. These experiences led us to develop VimoSEWA, now a national insurance cooperative with share-holders, all women, from several states. Women are the policy-holders, and through them, their families also obtain some microinsurance coverage. During the last six months, 360 women received Rs 60 lakhs as claims, and of this Rs 7 lakhs were claims for COVID-19 obtained by 47 women. One of our claimants, Bharti, a bidi worker from Madhya Pradesh said, "I had never even heard of insurance till I was insured as a front-line health worker. I got Rs 30,000 when I fell sick with coronavirus towards hospital expenses and loss of my daily wages." These are modest efforts, but show us the huge unmet need for microinsurance and how this can be extended to crores of families across our country, and in a financially viable manner.

Experiences of VimoSEWA and other micro insurance practitioners in India led the IRDAI to set up a committee in February 2020 to examine how to increase the spread and outreach of microinsurance in India, especially the feasibility of reducing the capital requirement.

IRDAI has been a global leader in promoting microinsurance, developing rural and social sector obligations in 2002 and microinsurance regulations in 2005. Despite these interventions, the share of microinsurance to the total insurance business undertaken by insurance companies is very low---1.80 per cent of the total life business and 1.16 per cent for general insurance in 2019-20.

Reasons for the slow growth and outreach of microinsurance in India include lack of awareness, absence of need-based, customised products and cumbersome claims processes and procedures. Further the transaction costs inhibit companies from doing this business. Finally, most insurance companies do not enjoy the trust of low income clientele. There have been instances of mis-selling and fraud and people are understandably sceptical.

At the same time, several organisations in India have developed innovative approaches to reach microinsurance to the grassroots level. It has huge potential to provide financial security, increase productivity and also provide employment. If nurtured in an enabling environment and by those---cooperatives, mutuals and microfinance institutions---dedicated to and working closely with people, especially women, at the grassroots level, national experience shows that microinsurance can grow and increase its outreach.

International experience, from the Philippines and South Africa among others, has shown how regulators can work with civil society organisations to create an enabling environment, especially reducing the capital requirement to about Rs 20 Crores and developing regulatory frameworks that facilitate growth. Since these have been undertaken, 41 per cent of Filipinos, for example, are now covered by microinsurance.

The IRDAI Committee's report recommends reduction of entry-level capital requirement to a maximum of Rs 20 Crore. It has also pointed out that a risk-based capital approach can be adopted, keeping solvency margins firmly in view. Regulations should be developed in consultation with those already working at the grass roots level, so that they are appropriate and practical, and yet adhere to the highest prudential standards.

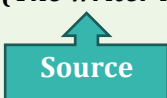
Another key recommendation is amending the Insurance Act 1938 to bring standalone microinsurance under its purview, including defining microinsurance and reducing the capital requirement and/or vesting the powers to do so with the IRDAI.

Further, the Committee has recommended end-to-end digital technology for transparency, accountability and monitoring. The report argues that this will both reduce transaction costs over time and help in regulatory oversight. In addition, reinsurance by existing reinsurance or insurance companies, facilitated by the IRDAI, has been recommended.

These recommendations take on a particular urgency in light of the COVID-19 pandemic, and the vulnerability and insecurity that it has resulted in for the majority of our citizens who are the working poor engaged in the informal economy. The IRDAI will soon take a view on the recommendations. By enabling the spread and outreach of microinsurance with reduced capital requirement, the informal workers of our country will have some measure of financial protection and social security, to face the many risks, including pandemics, which they face in their lives.

(The writer is Mirai Chatterjee.)

[TOP](#)



Digitisation & AI-supported hyperpersonalisation is the way ahead for insurance industry: rohit nambiar, tune protect - Analytics India – 6th November 2020



A2017 report forecasted that technologies such as AI, big data, and internet of things (IoT) would find its way into the insurance sector, an industry still considered to be very orthodox in the way it functions, in order to transform and digitalise customer service, risk assessment, and even fraudulent practice detection.

The prediction seems to have come true as we see these techniques making inroads into different aspects of the insurance industry, resulting in lowering costs with an increase in efficiency and customer experience.

We spoke to Rohit Nambiar, Group Chief Executive Officer at Tune Protect Group Berhad, a Malaysia-based insurer which has branch offices in Thailand and UAE. Nambiar has been positioned to strengthen the lifestyle insurer in the domains of health, lifestyle, and SME space. A strong advocate of product and service personalisation by leveraging different digitalisation techniques, Nambiar shared with us some of the insights in this direction.

Technological Reform In Insurance

Rohit Nambiar joined the Tune Protect Group this year in October, after having worked with the multinational insurer AXA for 17 years, where he started his journey as an analyst, climbing up the ladder with time. With his new position at Tune Protect Group, Nambiar is entrusted with the digital transformation of the insurer within South East Asia and the Middle East.

Nambiar says that as an industry, the insurance sector has been long perceived as being laggard and ‘boring’. However, his optimism shines through as he believes that the current times have to be some of the most exciting periods of being part of this industry as it undergoes significant changes to cater to its growing base of ‘Millennials and Gen Z’ customers. “I personally believe that there is enough technology in the market to simplify the journey for our customers,” Nambiar said as he spoke about revamping the insurance industry that is ‘known to complicate matters rather than simplifying them’.

One aspect of simplification of the process lies in the personalisation of products as Nambiar notes. He says, “Data and tech can converge across various customer touchpoints. Technology has definitely made this whole experience much easier and can be accounted for in simplifying consumers’ experience. Once we know what consumer wants, then the choice of technology is easy, be it blockchain, AI, chatbots, etc.”

As per him, there are six major trends, supported by technology, that this industry is seeing and will continue to grow in the coming time:

Machine learning and artificial intelligence-enabled chatbots and support channels will facilitate the omnichannel working model by facilitating and information sharing and standardisation. It means that customers will be able to move seamlessly between channels for interaction and choose their most preferred mode of buying.

Hyper-customisation/hyper-personalisation and commoditisation of lower involvement products through digital and partnership channels.

Rendering of sales, services, and claims through digital channels, especially for lower involvement products such as motor, travel, home, and simple protection.

The scope of APIs in the insurance sector will increase, which will foster more partnership-driven sales.

Liability as a product profile will no longer be restricted to businesses.

There is bound to be a greater awareness of risks of complexity for all parties involved.

Challenges of Digitalisation

Having about the scope of digitalisation in the insurance industry, Nambiar also noted a few significant challenges that insurers face in this direction. He said, “The speed of adoption can be a challenge for digitisation, especially with legacy software and infrastructure surrounding the existing business model. The new business model that is enabled by a variety of technologies such as data analytics, machine learning, and automation will require speed in implementation. Only then can insurers deliver hyper customised and hyper-personalised products and services, meeting the demands of their customers.”

Another aspect that Nambiar feels needs encouragement is the collaboration between insurers and tech players for the benefit of both parties. He said, “To encourage technology adoption in the industry, we need to push for greater collaboration between insurers and startups/tech players as there is so much that we can learn from each other. Our regulators have been supportive in guiding insurers on their digital journey, and hence I believe that insurers can thrive in their respective digital transformation.”

Nambiar also says that the COVID-19 situation has changed the way businesses across the spectrum operate. The unprecedented situation called for equally unprecedented measures in adopting new technologies that pushed people and businesses in adopting change quickly and effectively. He believes that this mindset of adapting to rapid changes must be adopted as a culture. “I am not a big believer in complicated frameworks and models around change. For me, change management starts with a consistent tone from the top on why we need to change, coupled with consistent actions evidencing the change. This cycle has to be repeated again and again and fine-tuned till it becomes a culture,” he stated.

Wrapping Up

From digitalisation of information about objects, people, and organisations through edge hardware, cloud technology, and the internet of things to using natural language processing for drawing value from unstructured data to adopting computer vision for enabling machines to extract meaning and context from visual data — there lies unlimited scope in how technology can revamp the how we view the insurance industry.

Nambiar wrapped up the interview giving a very important insight. He noted, “Organisations that embrace technologies rapidly have been proven to benefit from a customer experience perspective, as well as in their topline. Those who resist to change or rely on the old-age approaches will be at risk of being obsolete.”

(The writer is Shraddha Goled.)



[TOP](#)

INSURANCE REGULATION

IRDAI sets up panel to revisit retail business of engineering tariff - The Economic Times - 9th November 2020

Insurance sector regulator IRDAI has set up a working group to revisit product structures of engineering tariffs relevant for the retail category in the wake of continuous advancement in technology. The nine-member panel has been asked to revisit the product structures of the erstwhile engineering tariffs relevant for the retail category and make suitable recommendations for revising them.

The Insurance Regulatory and Development Authority of India (IRDAI) noted that with continuous advancement in technology, engineering insurance requirements are constantly evolving. Customer expectations regarding insurance are changing significantly.

"There is a need to modify the current products under the engineering retail segment in line with the changing needs and demand," it said in an order constituting the working group 'to revisit the engineering products (which are as per the erstwhile tariffs) for the retail segment'.

The panel has been asked to recommend new suitable and appropriate standard products in line with advancements in technology for the retail segment.

As per the terms of reference of the group, the panel has to also make recommendations regarding revisions to the general regulations in the tariffs.

The group, headed by R Chandrasekaran, former secretary general of GI Council, has to submit report within three months.

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Source

IRDAI issues exposure draft on compensating shareholder on merger of insurers - The Economic Times - 8th November 2020



Regulator IRDAI has come out with draft regulations for determination of compensation to shareholders on merger of insurance companies, under which payment will be based on the residual value of assets.

"...compensation to the shareholders whose rights against the acquiring insurer has been reduced...shall be paid based on the residual value of the assets," said the exposure draft on which the Insurance Regulatory and Development Authority of India (IRDAI) has invited comments from the stakeholders by November 20.

The residual value, it added, will be equal to the value of the assets of the acquired insurer as on the day immediately before the appointed day, less the total amount of liabilities.

Further, the compensation shall be "paid either in cash and/or in kind or partially in cash and partially in kind", it said.

Under Section 37A (4A) of the Insurance Act, 1938, the shareholders and members whose rights have been adversely impacted by the scheme of amalgamation or merger would be entitled to compensation.

IRDAI (Manner of Determination of Compensation to Shareholders on Merger of an Insurer under a Scheme Prepared under Section 37A) Regulations, 2020 also proposes for separate provisions for payment of compensation for merger/amalgamation of the branch of a foreign reinsurer.

The draft said that where the amount of compensation offered is not acceptable to holders of not less than 10 per cent of the paid up equity capital of the acquired insurer to whom the compensation is payable, such aggrieved persons may prefer an appeal to the Securities Appellate Tribunal.

The time period for appeal may be specified by IRDAI which should not be less than 30 days from the date of intimation of compensation.

The objective of the proposed regulations is to provide for the manner of determination of compensation for the shareholders "whose interests in, or rights against, the insurer" resulting from amalgamation are less than his interest in, or rights against the original insurer.


Source

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LIFE INSURANCE

Irdai extends dispensation for physical signatures of life insurers' customers till March - Live Mint - 12th November 2020



The Insurance Regulatory and Development Authority of India (Irdai) on Thursday extended the exemption given to life insurers to obtain customer's consent without requiring signatures on the hard copy of the proposal forms to 31 March 2021. In the wake of the covid-19 pandemic and the social distancing norms, the regulator in August had allowed companies to obtain customers' consent through electronic means on the proposal form till 31 December 2020.

Under the exemption, the proposal form has to be sent to the proposer on his or her registered e-mail ID or mobile number in the form of an e-mail or a message with a link. The customer can then give consent by affixing digital signature or by clicking the confirmation link or by validating the OTP shared. The insurer also cannot ask on payment towards proposal deposit till the receipt of consent.

"Technology and digitalization initiatives have enabled us to provide a virtually paperless on-boarding process to customers. Digital solutions usher in efficiencies and enables instant gratification to customers. It also ensures error free processes and transactions. The digitalization solutions implemented have enabled enhanced employee productivity," Ashish Rao, chief-customer experience and operations, ICICI Prudential Life Insurance Co. Ltd told Mint.

In another initiative aimed at helping policyholders, Irdai has now asked life insurance companies to highlight the sum assured, premium and policy as well as payment terms while seeking the customer's consent in the message or the e-mail itself.

The insurance regulator has made the whole process of buying a life insurance policy online, as it had earlier allowed companies to issue electronic policies on e-mail IDs. Physical policies are not mandatory now if the insurer has obtained the consent of the policyholder.

(The writer is Abhinav Kaul.)

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Private life insurers grow at fastest pace in nine months, return to pre-covid levels - Bloomberg Quint - 10th November 2020

Premium collection of private life insurance companies returned to pre-pandemic levels, aided by reopening of the economy. Total new business premium—individual plus group policies—returned to pre-covid levels in October with Rs 22,776 crore worth of policies underwritten, according to BloombergQuint's calculation based on disclosures. This was the highest in nine months. Annualised premium equivalent of private life insurers rose 14 percent year-on-year, also the most in nine months, while the Life Insurance Corporation of India, the nation's largest life insurer, saw an increase of 6 percent. Overall, the industry witnessed an 11 percent growth in first-year premiums.

[TOP](#)

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Four methods to calculate how much term insurance you need – Live Mint – 10th November 2020



The covid-19 pandemic has driven home the point that taking life insurance is one of the most important financial decisions that one can make. The demand for life insurance plans spiked following the outbreak. When it comes to life insurance, term covers are the most efficient as they give maximum cover at lowest cost. Term covers are the simplest form of life insurance that pay out the sum assured if the insured dies during the term of the policy. There is no payment in case the insured person survives the term.

However, just buying life insurance is not enough. The key is to get adequate sum assured to take care of your family's needs. But how much is enough? "Insurance protects you against unforeseen demise of the bread-earner, so that the future lifestyle or goals of the family do not get disrupted. The cover is not dependent on the present income, it is dependent on the future value of the goals that you have decided for your family," said Dheeraj Sehgal, chief distribution officer, institutional, Bajaj Allianz Life Insurance Co. Ltd.

We look at four methods—human life value, income replacement value, expense replacement method and underwriter's thumb rule—that can help you calculate how much life cover you need.

Human life value

This method considers the economic value or human life value (HLV) of a person to the family. The concept primarily considers the value of future income, expenses, liabilities and investments.

"Under the HLV method, you need to consider your income, expenses, expected future responsibilities, and goals to determine the insurance need. This method is suggested as this gives better clarity keeping in mind the inflation," said Santosh Agarwal, chief business officer, life insurance, Policybazaar.com, an online marketplace for insurance.

If your goal is to sustain the present lifestyle of your family in the future, then determine how much it costs in today's rupee value. This will help decide the amount of cover that you should take.

This method is recommended by most insurance companies, and many insurers have an HLV calculator on their websites.

Income replacement

Under this method, it is assumed that life insurance should replace the lost earnings of the breadwinner. One of the simplest ways to calculate your income replacement value is: insurance cover = current annual income x years left to retirement.

For example, if you are 40 years old, your yearly salary is ₹15 lakh and you plan to retire at the age of 60 years, the cover you will need is ₹3 crore (₹15 lakh x 20).

However, according to Melvin Joseph, a Sebi-registered investment adviser and founder of Finvin Financial Planners, one of the drawbacks of this method is that it can suggest a very high cover by considering future income.

Expense replacement

Under this method, which is recommended by financial planners, individuals need to calculate their day-to-day household expenses, loans and goals such as children's education, as well as providing for financially dependent parents for their entire lives. The figure you reach is the total money that your family will need.

The next step is to deduct the present value of your investments and life cover you already have. While calculating the value of your investments, exclude assets such as the house you live in home and car, as your family members are likely to continue using them. The figure you get by deducting investments and insurance cover from expenses and goals will give you an idea how much cover you need.

"I suggest expense replacement method, as it gives a more accurate picture of the insurance coverage amount and cover expenses of the survivors till the insured's life expectancy," said Joseph.

Underwriter's rule

For calculating the minimum cover you need, you can go by the common thumb rule of having a sum assured that is 10 times your annual income. So if your current annual income is ₹10 lakh, you should have a life cover worth at least ₹1 crore.

However, according to investment advisers, this method does not give the exact picture. "Most of the insurance companies promote insurance cover of 10 times your annual income. That is the reason it has become a thumb rule. The minimum cover should be at least 15-20 times your annual income," said Joseph. Insurance companies also offer cover of 25 times your annual income.

It's possible that your existing cover seems inadequate either because your life value is increasing or because the value of your goals has increased or the goals have changed. If that's the case, go for cover enhancement or buy a fresh policy. "The present creed of products has a feature of enhancing a cover at different life stages. But if your life insurance provider doesn't offer this feature, then it might make sense to buy a second cover," said Sehgal.

The cover enhancement feature allows the sum assured to rise at different life stages chosen by you such as marriage or birth of a child by a specified amount, but do remember that this might translate into increase in the premium as well.

It makes sense to compare premiums and plans as per your requirements. Take professional help to determine the policy type and the coverage that will best fit your budget and your family's financial needs.

(The writer is Abhinav Kaul.)

[TOP](#)



Term Insurance: Benefits of buying a term life insurance plan online - Financial Express - 10th November 2020



Countries all across the globe continue to fight the ongoing COVID-19 pandemic which has infected over 45 million people with maximum infections reported in the USA and India. In between this heightened uncertainty spread throughout the world, there are some significant lessons related to our lives that we all must reconsider. The ongoing pandemic has taught us all how unpredictable life is and that we must always stay prepared for no matter how hard situations and challenges life throws at us.

However, during situations like these, many amongst us get confused as they are not sure how to stay safe in an untimely situation like the current pandemic. While the government is doing its best to ensure that things stay in control, there are a few things that need to be taken care of at an individual's end and one such thing is your family's wellbeing.

In order to make sure that your family is financially protected during times like these, it is important to invest in a term insurance plan. A term insurance plan provides you with financial protection to secure your family from financial distress in case of an unfortunate event like your untimely death. Additional relief is that today it is extremely easy and convenient to invest in a term life insurance plan of your choice.

There was a time when buying a term life insurance plan was not as easy and simple as it is today. The entire process evolved endless paperwork and several physical meetings in order to first understand the product and later complete the buying formalities.

However, technological advancements have completely changed the way term life insurance is bought in India today. The entire process starting from applying for a term life insurance plan to its renewal and further filing a claim has become extremely convenient with the involvement of various digital mediums. With a few clicks, you can now buy, renew and file a claim on your term life insurance policy. This is helping both the consumers as well as the insurers. Here are some of the prominent benefits of buying term life insurance online.

Affordability

One of the greatest benefits of buying a term life insurance online is lower premium rates. As per numerous researches, online term life insurance plans can cost up to 5 – 15 per cent less in comparison with the same plan being bought through an offline medium. One of the key reasons that influence the cost is the absence of an insurance advisor. Hence there is no or very low commission involved in selling the policies online. Moreover, many insurers offer additional discounts on the premium when buying a policy online. Also, savings from overheads like documentation, logistics, stationery, etc. charges are also passed on to the customers.

Compare and Buy

Yet another popular benefit of buying a term life insurance policy online is that you can compare the plan you wish to buy with other similar plans available online. Not just you can compare the plans on aspects like premium, sum assured and features offered, you may also compare the claim settlement ratio of different insurers as claim settlement ratio plays a major part in term life insurance policies. There are some prominent online insurance market places that allow you to compare different plans on various aspects and help you to save.

Buy Without Physical Medical

Insurers give you the prerogative of buying a term life insurance policy without a mandatory physical medical test when buying a policy online. Insurers have come up with the facility of telemedical under term insurance wherein customers who are graduate and above, and wish to buy a term plan up to Rs 2 crore sum assured can buy a policy online through telemedical. Under the telemedical process, a doctor from the insurance company calls up the customer to understand their current medical history and condition. The telemedical process is completely regulated by the IRDAI and is reliable from the customer's point of view.

Time-Saving and Transparency

Buying a term insurance plan online saves a lot of time as applying for term plan online involves no documentation and paperwork. All the submissions happen online which help in saving a lot of time and efforts. You do not need to visit the office or carry important documents to the insurer's office. Also, when you buy a term plan online, there is complete transparency and trust between you and the insurer. The insurance company rightly mentions all the inclusions, exclusions and other important details related to the policy in policy documents. You may anytime read the terms and conditions whenever in doubt.

(The writer is Santosh Agarwal.)



[TOP](#)

How to buy a term insurance policy despite being a smoker – Moneycontrol - 10th November 2020



As per a recent World Health Organization (WHO) report, there are approximately 120 million smokers in India – that is 12 per cent of the world's total smoking population. The report further stated that each year, over a million people die in India due to consumption of tobacco. Of the total Indian smoking population, 70 per cent of the adult males in India smoke while the number of adult female smokers is 13-15 per cent.

According to the Indian Heart Association (IHA), due to such a high population of tobacco consumers in India, the country accounts for 83 per cent of the world's heart disease burden, despite having less than 20 per cent of the world's total population.

Smoking and life insurance premiums

Smoking not only affect your health, but also impacts the premium of your life insurance policy considerably. As per several life insurers' underwriting rules, the policy premium of a customer's life cover is affected more by smoking habits than the job profile. The life insurance premium for people with low-risk job profiles – software engineers, bankers and marketing consultants – is lower than that for professionals with high-risk job profiles that include construction workers and prison officers.

Just like job profiles, life insurance companies split consumers into two different segments: smokers and non-smokers. Considering the underwriting rules and risk-profiles, a smoker with even a relatively low risk job profile will still pay more premium than a non-smoker in a high-risk job.

A prominent reason why smoking has a much greater impact on the life insurance premium than a high-risk profile job is the proven detrimental effect of smoking on the health of the people. Smoking has been the primary reason for a plethora of life-threatening diseases such as lung cancer, strokes, heart ailments and tuberculosis for many decades. It's like people with high fatality rates need to pay higher life insurance premium.

People who smoke, on an average, pay 50 per cent more premium for their life insurance policies in comparison to non-smokers. On an average, the monthly life insurance premium of a smoker is approximately Rs 650 to Rs 850 more than that for a non-smoker.

Premium Calculation for smokers

To evaluate the life insurance premium of smokers, the insurers inquire about the frequency of your tobacco usage in the last one month. This includes use of any tobacco-based products, including cigars, cigarettes or even chewing tobacco. On the basis of the information provided, the insurer decides if the policy seeker is a seasoned or an occasional smoker. Upon considering other under writing rules, the insurer decides to load (increase in premium) the the life insurance policy premium.

If you are a smoker and wish to buy a life insurance policy, you must rightly disclose the same to the insurer without the fear of having to pay higher premiums. Often, insurers ask policy seekers to go for a medical test before issuing a life insurance policy. While it may be possible to lie verbally to the insurer, it is practically impossible to cover up traces of nicotine in the medical test even if you are an occasional smoker.

Secure your life at affordable premiums

Though smoking is not a good habit, it has become an important part of many people's lives. And one of the most convenient and authentic ways to financially protect the future of your loved ones in your absence is by investing in a term life insurance policy. However, several times, it has been observed that

smokers avoid taking a term life insurance sighting high premiums as the reason for denial. Fortunately, in order to cater to the problem of denial of life insurance premium for smokers, prominent life insurance companies do offer term insurance plans with adequate sum assured, at affordable prices.

(The writer is Santosh Agarwal.)

[TOP](#)



Term policies to have a larger share than earlier, say experts – Live Mint - 9th November 2020



The sales of pure term plans picked up between March and June 2020 but has now started to taper off, with fewer people buying these compared to the first quarter (April-June) of the financial year. In a term plan, policyholders pay for the life cover and don't get back any money if they survive the term. In case of death, the insurer pays out the sum assured to the nominee or legal heirs.

Despite the tapering off, however, term plan sales continue to be higher than previous years thanks to the growing awareness among buyers, according to top executives of life insurance companies speaking at Mint Money Conversation presented by digibank by DBS that was held on 4 November.

"The perception of risk was the highest during the lockdown. People didn't know what covid-19 was and how it could impact their families. We almost found people queuing up to buy a term plan," said Prashant Tripathy, managing director and chief executive officer, Max Life Insurance Co. Ltd.

"But when the government started lifting the lockdown from July onwards, the sales tapered off. It's not at its peak, perhaps because the perception of risk has gone down a bit now. The sale of term plans is higher than in the past though not as high as what we saw from April to June," he added.

According to the top executives of life insurance companies, their product mix will change slightly from hereon. Term plans will have a larger share than they did in the previous years even though savings products would continue to contribute to the majority of the sales of over 90%.

HIGH COVER, LOW COST

During the initial days of the pandemic, individuals rushed to buy term plans due to the fear of the virus. They were looking at a high cover at an affordable cost. Most insurers saw unprecedented demand for term plans, including Life Insurance Corp. of India (LIC), which typically sells savings products.

"We have seen a shift in the attitude of customers. Our term insurance portfolio has almost doubled over the last year," said P. Muraleedharan, executive director, LIC.

According to him, consumers are not only opting for a term plan but also choosing higher sums assured than they did before.

SBI Life Insurance Co. Ltd saw a similar trend. One of the life insurer's online products that is sold through State Bank of India's Yono platform covered 400,000 lives from April to September. "It was more than double of what we did the whole of last year," said Mahesh Kumar Sharma, MD and CEO, SBI Life Insurance Co. Ltd.

SHIFT IN MINDSET

With the government gradually lifting the lockdown, the sale of term plans has started slowing down compared to the April-June quarter, but they are still better than previous years.

"There is definitely going to be more tapering off once the vaccine is found or once there is a reduction in the number of cases. What will stay is that people will be more aware of the products that are available. They will also be aware of the danger of not having a cover," said Sharma.

"Some people may postpone the decision after this thing is through. But the demand will still be higher than the pre-covid-19 levels," he added.

As the mindset of consumers changes, the companies are also changing their business strategies of pushing pure term insurance plans and making people aware of the affordability. "We have always been pushing more of savings plans and less of term insurance. But, yes, there is a market shift. Consumers now have a better understanding of life insurance. It is also reflected in our business strategies," said Muraleedharan.

As consumers demand for term plans and insurers, too, push the product, policyholders would benefit, and mis-selling of insurance policies would come down. An individual should always opt for a plain-vanilla term plan and avoid combining investment with insurance.

(The writer is Tinesh Bhasin.)

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Source

Life Insurers witness 32% growth in new business premiums in October - Business Standard - 9th November 2020



Life insurers reported a 32 per cent jump in new business premiums (NBP) in October, helped by healthy growth in single premiums and group non-single premiums. This comes after the industry saw a 16 per cent rise in NBP in the September quarter.

NBP is the premium acquired from new policies in a year.

Life insurers, 24 in total, earned NBP of Rs 22,776 crore in October, compared to Rs 17,271.86 crore in the corresponding period last year. In September, NBP was up 26.47 per cent at Rs 25,366.32 crore.

The numbers are in sharp contrast with the decline in business seen by insurers in the initial days of the

Covid-19 pandemic. In Q1FY21, NBP had plummeted more than 18 per cent due to the pandemic-induced lockdowns imposed across the country to curb the spread of Covid-19.

The state-owned insurance behemoth — Life Insurance Corporation (LIC) — led the growth in October, with its NBP up 36 per cent at Rs 15,548 crore, compared to Rs 11,422 crore in the same period last year. The private insurers, on the other hand, saw their NBP grow 23.5 per cent to Rs 7,228 crore, compared to Rs 5,849.71 crore in the year-ago period.

In the first seven months of FY21, NBP has gone up a marginal 3.13 per cent to Rs 1.47 trillion, compared to Rs 1.43 trillion in the corresponding period a year ago. While private insurers' NBP grew almost 6 per cent in the April-October period to Rs 43,937.59 crore, LIC's NBP grew 2.13 per cent to Rs 1.03 trillion.

LIC POSTS 36% RISE
Life insurers' premium growth in October (₹ cr)

	Private insurers	LIC	Total
Oct '19	5,849.71	11,422.15	17,271.86
Oct '20	7,227.96	15,548.06	22,776.03
Growth (%)	23.56	36.12	31.87
Upto Oct'19	41,627.60	101,402.37	143,029.96
Upto Oct '20	43,937.59	103,566.08	147,503.67
Growth (%)	5.55	2.13	3.13
Market share (%)	29.79	70.21	100.00

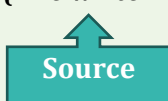
Source: Irdai

The industry bounced back as insurers, especially the large ones, managed to digitise their selling process, capitalising on the increased awareness of insurance among consumers amid a pandemic. Also, the surge in demand for term products, as well as guaranteed products, helped in recovery.

Experts see the demand increasing as life insurance is becoming a “pull product rather than a push product”. They expect Q3 to be better than Q1 and as good as Q2, if not better.

(The writer is Subrata Panda.)

[TOP](#)



Getting insured? Here is how you should go for it - Financial Express - 9th November 2020



In times of a pandemic, opting for an insurance cover becomes more important. That is because an insurance policy helps protect the family should its breadwinner loses his job, falls ill, or in case of his death. In the current financial year, more and more people are seen buying insurance.

Pankaj Chauhan, CEO and MD, EPOCH Insurance Broker, says, “Insurance is also considered as an investment vehicle, and many individuals and households buy insurance not only to protect themselves and their families from adversity but also because it is a secure investment.”

However, before zeroing on an insurance policy, you should know the policy inside out.

Are unit-linked insurance plans a worthwhile investment?

Unit-linked insurance plans or ULIPs were touted as great investment vehicles when they were introduced a decade-and-a-half ago. They promised astonishing rates of returns and usually met expectations.

Chauhan says, “In early 2000, though ULIPs were technically insurance vehicles, they were often sold as investment papers. Their popularity sharply declined following the 2008-2009 financial crisis when the stock markets tanked. ULIPs were linked to stock market indices, when equity browsers fell dramatically, so did the returns on these insurance instruments. He further adds, “Today the scenario is similar or worse than that in 2008-2009. The stock market has fallen dramatically from where it had been just 3 months ago. Today, like in 2008-2009, ULIPs are taking a beating. The current economic climate does not bode well for ULIPs.”

While the popularity of these papers was rising sharply because the stock market had reached unprecedented highs, experts say the COVID-19 pandemic and its impact on the nation’s browsers has made ULIPs an unattractive investment.

Should you invest in Endowment plans?

Industry experts say endowment plans are the ideal insurance vehicle. They not only provide an assured sum to beneficiaries in case of a policyholder's death but also, on policy maturity, the capital invested is returned with the interest amount.

Endowment plans are coupled with insurance coverage along with riders as an additional benefit. A typical rider in endowment plans protects the policyholder in case he or she becomes unemployed or disabled. If a policyholder loses his or her job through no fault of their own or through an accident, the policyholder becomes entitled to a steady income from their insurance provider. Note that the details of such riders vary from one insurance provider to another.

Chauhan says "Today, when there is more uncertainty than ever before, investments under endowment plans have gained momentum. While the investment returns on such policies are significantly lower than those of ULIPs, such gains are assured and guaranteed at times which differ from Insurer to Insurer. Also, the many riders that come with endowment plans protect policyholders against several unforeseeable events including unemployment."

Opting for endowment plans with riders can help you secure your family's future. The policy offers triple benefits – the family of the policyholder stays protected in case something happens to the policyholder, also if the policyholder loses his or her job, he or she is guaranteed a monthly income until they become employed.

When the policy matures, the policyholder receives the corpus that he or she invested plus interest. Experts say, in today's economic climate, endowment plans have never been more relevant.

Why should you look at Term plans?

A term plan is the most straightforward risk protection plan from insurers. For a monthly or yearly premium, a policyholder enjoys a pure insurance cover.

Chauhan says, "These days insurance companies have launched Term Plans with Return of Premium on Policy Maturity. While because of Pricing and Popularity of Regular Premium Term Plan in the said policy premiums paid for the agreed policy tenure are forfeited by Insurer at the time of policy maturity. While this seems like a bad deal, it has some advantages." He further adds, "For a relatively small sum, a policyholder is provided with an insurance cover of up to 1 crore or more."

For many households who are concerned about their families, term plans seem like a sound deal. Hence, according to experts, investing in term plans makes greater sense than ever before.

(The writer is Priyadarshini Maji.)

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Source

How to make a life insurance claim? – Live Mint – 9th November 2020



At the time of buying a life insurance policy, we look at several factors like cost, the sum assured, exclusions, policy coverage and so on. It is equally important to know how to claim life insurance in case the worst event happens. The nominee or family members should also be aware of the process of claim filing. There could be two scenarios for filing claim, -- in the event of death, and at the end of maturity term of the life insurance policy. Here is the general process and documents required for filing insurance claims under both the scenarios. When a person with a life insurance policy called a life assured – dies, a claim intimation

should be sent to the insurance company as early as possible. The assignee or nominee under the policy can do this. Any close relative or the agent who handles the policy may also do the needful. The claim intimation should contain information like the date, place and cause of death. The insurance agent has the duty to help the life assured's family or assignee to deal with the insurance company to fulfill the formalities for a claim.

Where a life insurance policy is maturing, the insurance company will usually send intimation to the policyholder along with a discharge voucher at least two to three months in advance of the date of maturity giving details like the maturity amount payable. The policyholder has to sign the discharge voucher, which is like a receipt, get his signature witnessed and send it back to the insurance company along with the original policy bond to enable it to make the payment. If the policy has been assigned in favour of any other person or entity, like a housing loan company, the claim amount will be paid only to the assignee who will give the discharge.

(The writer is Avneet Kaur.)

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Source

Jeevan Pramaan amid Covid-19: How pensioners may get Digital Life Certificate issued at doorstep - Financial Express - 7th November 2020



Every pensioner – be a government employee, ex-serviceman or a beneficiary of Employees Provident Fund Organisation (EPFO), a subscriber of pension schemes of Life Insurance Corporation (LIC) or other organisations – needs to submit Life Certificate in the month of November every year to continue getting the pension.

For aged persons not in good health, visiting the bank / post office / organisation in which they have pension accounts often becomes a daunting task, resulting in introduction of Digital Life Certificates (DLC).

The Covid-19 pandemic has made the situation even worse, with many people have got stuck in places away from the places where they have their pension accounts and vulnerability of an aged person to catch the infection makes it a life risk to go out to get the Life Certificate.

The pandemic has definitely made DLC a preferred mode of getting the Jeevan Praman. However, to get a DLC from the comfort of home, a pensioner needs to know how to use a smart phone, which is again a challenge for the elderly.

To help the elderly pensioners, who are not tech savvy, India Post Payments Bank (IPPB) has launched the doorstep DLC service.

Under this a Postman from the nearest Post Office offering the service – armed with Aadhaar based biometric fingerprint scanner – would visit a pensioner on request and complete the process of generating DLC at the home of the pensioner only.

The completely paperless issuance of Aadhaar based biometric enabled DLC for pensioners costs as low as Rs 70 (inclusive of taxes).

To get the DLC issued instantly at doorstep through Postman or at the Post Office near you, the following details/documents will be needed:

- Pension ID
- Pension Payment Order

- Pension Disbursing Department
- Bank Account details
- Mobile No.
- Aadhaar Number

Once you authorise your request with biometric fingerprint scan, the DLC will be instantly generated with Pramaan ID sent to you on your mobile.

Moreover, you don't even need to travel to Pension Department or bank, as your Certificate details will be automatically uploaded with the Pension Department.

(The writer is Amitava Chakrabarty.)

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Source

6 factors to help you choose the right term insurance cover - Moneycontrol - 7th November 2020



A term Plan is the most efficient and cheapest way to secure your family. The awareness about term plans is rising in India, as individuals and families are increasingly choosing them over Unit Linked Insurance Plans (ULIPs) and other traditional plans.

You need a term insurance if you have dependents (spouse, children, and parents) and have huge liabilities (such as a home loan) and other financial responsibilities (children's education and marriage).

But before you buy a term plan, use this six-point checklist.

How much cover do you need?

You might have been told: 'take a term plan cover of 20-25 times of your annual income.' There is a smarter way to do this.

Your liabilities can be divided into three major components:

- Yearly household expenses such as rent, monthly bills, grocery, fuel, health insurance premiums, school fees and vacations
- Children's education and wedding
- Home loans or other big liabilities

For example:

- Let's say your yearly expenses are Rs 10 lakh. Now to get Rs10 lakh per annum as passive income, assume that your spouse will put the insurance amount into fixed deposits. At 4 per cent rate of return (post taxes), you must have 10 lakh divided by four per cent which is equal to Rs 2.5 crore of FD.
- Education and wedding expenses for two children can be assumed at Rs.1.2 crore.
- Home loan and other liabilities of Rs 1 crore.
- Total: Rs 4.7 crore (2.5 + 1.2 + 1)
- Existing funds (including FDs, stocks, gold, savings account etc.): Rs 40 lakh
- Term Plan cover: Rs.4.7 crore less Rs 40 lakh = Rs.4.3 crore

Till what age is it required?

Once you build a corpus, your children are independent and you don't have any liabilities, the need for a term plan goes away.

But there are some attractive policies floating in the market wherein you are covered till 85/ 90/ 99 years of age. You might say “why not?” Having a cover till 99 years of age is like a sure-shot way to get money (as you do not expect to live this long).

Let’s look at some numbers: Say, Sharma takes a term plan of Rs 1 crore at the age of 30, and pays a premium of Rs 30,000 per annum:

- He dies at 65. That is, he paid 36 instalments and his family gets Rs 1 crore. Returns are 10.44 percent.
- He dies at 85. That is, he paid 56 instalments and his family gets Rs 1 crore. Returns are 5.4 percent.
- He dies at 99. That is, he paid 70 instalments and his family gets Rs.1 crore. Returns are 3.8 percent.

Does a return of 3 percent-5 percent excite you?

Pay-out options

There are cases wherein the nominee (usually the spouse) is not able to manage the huge sum of money that comes from the term plan. It may lead to wrong financial decisions. You may choose amongst the following options, depending on the nominee’s financial aptitude.

- Lump-sum: entire amount is credited
- Lump-sum with monthly income: a certain amount is credited on death and the remaining as monthly income over the next 10-15 years.
- Only income: the claim is paid out only as monthly income over a period of 10-15 years.

Riders

Do not choose the following riders. Take a standalone policy instead.

Critical illness: These riders are usually inferior to the standalone critical illness policies that cover more diseases and early-stage illnesses as well.

Accidental death benefit: This rider pays an additional sum in case of accidental death. A standalone accident cover includes partial and permanent total disability, apart from accident death. But, many term insurance riders cover only accidental death.

Accidental disability rider: You might think that this rider will solve the shortcoming of the above rider. But most disability riders cover permanent total disability only, whereas a standalone policy will provide comprehensive cover.

You may choose the following rider:

Waiver of premium on critical illness: Your premiums will be waived if you are diagnosed with a critical illness or are permanently disabled.

Automatically increasing cover

Your income, expenses, and liabilities will increase with your age. It is wise to increase your term cover over time. Automatic increasing of the cover option will upgrade your policy until a maximum cover limit, without any medical test and with no risk of the upgrade being rejected.

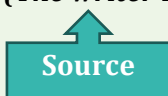
Married Women’s Property Act (MWP)

If there is no Will, the pay-out from the insurance company can be claimed by other family members (claiming themselves as legal heirs) or creditors (banks etc).

To avoid this possibility, purchase the policy under Married Women’s Property Act (MWP) Act. If you do not do this while taking the plan, it can never be taken later.

(The writer is Anupam Roongta.)

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Source

GENERAL INSURANCE

Does standardisation of insurance products help policyholders? - Moneycontrol - 12th November 2020



Insurers have much in common and should think more about how to differentiate themselves.

Currently, there are several products that are standardised across insurers. Motor insurance is one such legacy product. The core product has two sections – own damage and third-party liability. The basic coverage is the same across insurers for both sections. However, insurers can issue add-ons to differentiate their offerings for the own-damage section. Most add-ons are now similar. Pricing for own damage is defined based on a discount to the motor tariff. This discount varies substantially across insurers. The premium for third-party

liability section is identical across insurers. Another legacy product is Fire insurance.

The product coverage goes beyond its name. In addition to fire, it covers flood, earthquake and riots. Insurers are allowed to issue add-ons, but few promote it aggressively. Until 2007, insurers were also required to charge the same price. When that fixed price regime was lifted, it was considered a watershed moment for the industry. Since the product was the same, insurers soon out-priced each other to the bottom. Pricing became unviable. To salvage the economics, insurers now have gone back to a fixed-price regime. They all charge the same rates, which are recommended by the Insurance Information Bureau of India (IIB).

Standardisation in personal insurance

A similar wave of standardisation is now underway in personal insurance policies. In September 2019, regulator IRDAI introduced the standardisation of exclusions in health insurance covers. The guidelines prohibit insurers from excluding specific illnesses and make them compulsorily cover a few modern treatment methods. The guidelines also set a framework through which insurers could exclude some illnesses permanently based on pre-set underwriting criteria. Such a framework would certainly help reduce policyholder disputes and bring more predictability in health insurance claim settlements. IRDAI followed this with several other standardised coverage guidelines such as compulsory coverage for tele-medicine and the methodology to apply for room rent deduction.

This framework standardisation is accompanied by product standardisation. In January 2020, IRDAI made it mandatory for all general and health insurers to introduce a standard health insurance product, Arogya Sanjeevani. The entire product design, claims process, and the product name format are identical across insurers.

Now, insurers are free to set underwriting guidelines and charge premiums based on their risk perception. They are also free to offer other health insurance products with unique features. Later in 2020, the regulator asked all health and general insurers to issue Corona Kavach insurance. Again, the structure, wordings, and claims process were pre-defined. Companies were free to differentiate based on price and perceived after-sales service proposition.

Corona Kavach was a timely move by the regulator, as insurers were reluctantly issuing coverage specifically for COVID-19.

Dependence on standardisation

However, heavy reliance on standardization may not be the best for insurers. Recently, the regulator asked all life insurers to issue a standardised term insurance, Saral Jeevan Bima. Term insurance is highly commoditised, and insurers have been struggling to differentiate. Term insurance products cover all kinds of death and have no exclusions, except suicide for the first year. In insurance, after-sales service is tested by the policyholders or the nominees, several years after making the payment. So, in a standardised product regime, price becomes the principal differentiator. Standard health products already witness more than 50 percent price difference among insurers. It is likely that insurers would under-cut each other in a bid to gain market share. Already, there is a concern amongst re-insurers that life insurance pricing in India is too low. Perhaps, would we see the fire insurance trend repeat itself in health and life covers as well?

In the standardised regime, the price for flood insurance is the same for Rajasthan and Meghalaya. This naturally deters buyers, especially the first-timers. To drive insurance adoption, we need to tailor customised products for specific occupations, lifestyles, geographies, sizes and risk conditions. Much of these have to be driven by insurers and intermediaries. Some aspects of standardization are good because they set the minimum bar for all insurances. However, insurers should innovate much more; otherwise they risk becoming undifferentiated and creating an industry that is completely price driven.

(The writer is Abhishek Bondia.)

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Source

Non-life insurers report marginal decline in October premium collections - Business Standard - 9th November 2020

The writer is Subrata Panda. Non-life insurers have reported a marginal year-on-year (Y-o-Y) decline in premiums earned in October, despite standalone health insurers posting a 32 percent growth in premiums, aided by the rise in demand for health insurance. Non-life insurers were in the red in September also, with premium collection slipping 4.41 percent. According to the data released by the Insurance Regulatory and Development Authority of India (Irdai), non-life insurers' premium in October contracted 0.41 percent to Rs 15,855 crore, compared to Rs 15,921.92 crore in the corresponding period last year. But, in the first seven months of the current financial year (FY21), premiums earned grew 1 percent to Rs 1.12 trillion. General insurers, 25 in total, saw their premiums fall 4 percent in October to Rs 14,158 crore and in the April-October period premiums earned by insurers dropped around 2 percent to Rs 95,474 crore.

But, standalone health insurers witnessed excellent growth in premium collection, with premiums in October this year rising 32 percent to Rs 1,403 crore. Similarly, the first seven months of FY21 have seen standalone health insurers witnessing 28.7 percent growth in premiums at Rs 9,124 crore. This is driven by the fact that demand for health insurance has been on the rise due to the Covid-19 pandemic. The regulator's drive to nudge insurers to sell standardised health products has also helped, evident in the huge demand for the Corona Kavach and Corona Rakshak policies. More than 15 million lives have been covered against Covid-19. The Covid-specific products were launched on July 10. The motor segment, however, has struggled due to the overlying economic conditions with muted sales of new vehicles in Q1. Though, it seems to have recovered from the lows in Q1. The festive season has seen good demand for new vehicles, especially in the affordable segment. And, many companies are seeing their motor insurance sales coming back.

[TOP](#)



Source

'General insurance business may reach pre-lockdown levels by mid-2021' - The Hindu Business Line - 9th November 2020

The general insurance industry is likely to bounce back to pre-Covid19 levels by mid-to-late 2021, according to Anup Rau, Managing Director and Chief Executive Officer, Future Generali India Insurance. "I do believe the worst is behind us. I am seeing an increase in economic activity and improvement in sentiment and therefore, consumption," Rau said. Return to normalcy is also being driven by the fact that companies and intermediaries have learned to use digital tools and new ways of prospecting, engaging and serving clients. "Of course, if there is another wave or lockdown, we could see a temporary dip again, but I see very strong growth by mid-to-late 2021, if not earlier," he said. On the impact of the pandemic on general insurance, he said that businesses are resuming normal operations gradually, post the unlocking of the economy. People need to consume goods and services first, only then will they have something to insure. "At the same time, insurance is what will give the industry confidence to deploy capital and resume economic activity. Insurance will play a critical role in starting the capex cycle again," said the Future Generali India head.

(The writer is G Naga Sridhar.)

[TOP](#)



Paradigm shift in GenNext insurance - Business Standard - 8th November 2020

Insurance has been rapidly evolving as per the changing needs, and "one-size-fits-all" products are long gone. Today's generation is looking for products which are customised, and are available with just a click of a button. I feel this is where the industry is headed, wherein with the help of technology we bring simplified processes. Millennials look for instant gratification from the products and services they opt for. Hence, traditional long-term products don't appeal to them much. This attitude of millennials can be proved by the trend we saw for the Corona Kavach policy. While the existing health indemnity policies cover Covid-19 hospitalisation expenses, you will be surprised to know that people belonging to the age bracket between 25-45 years opted for Corona Kavach the most. Also, most of them were first-time health insurance buyers. This clearly shows that relevant coverage coupled with affordability drives good traction among the GenNext. Some insurers have taken cognisance of this attitude and have been working towards small-ticket size products whose benefits can be realised immediately.

In addition to this, the emergence of e-commerce has played a crucial role in driving introduction and acceptance of "sachet-products". This platform has allowed insurers to tap customers at the right point with the right product when they are making a purchase. For instance, mobile insurance is offered when a person is buying a smartphone; cyber insurance is prompted while buying digital devices, etc. We are also seeing e-commerce players in association with insurers foraying into traditional insurance products like motor insurance specific to the needs of their customers. I believe this trend will drive innovation in product offerings, wherein current products will be divided into various pieces and these pieces will be offered as separate offerings as per the needs of customers. The Insurance Regulatory and Development Authority of India (Irdai) has also been encouraging innovation in the general insurance space to drive demand and make it an attractive proposition for GenNext. The regulatory sandbox has allowed insurers to experiment with ideas and gauge their acceptance in the market.

(The writer is Tapan Singhel.)

[TOP](#)



Standardised covers help you compare apples with apples - The Hindu - 8th November 2020



Friends, colleagues and family members run questions about buying insurance past me now and then.

Responding to questions, doubts or problems teaches me more about insurance and its buying process than isolated reading and research. So here goes what I learnt from a friend's question on Corona Kavach and Corona Rakshak, policies that were discussed in Cover Note in edition dated July 20.

[These two are standard policies to cover costs of Corona treatment designed by the Insurance

Regulatory and Development Authority of India (IRDAI), the insurance regulator. Insurance companies are mandated to offer them.]

If the terms and coverage are standardised, why the huge difference in premium between one company and another for the same quantum of coverage?

The difference had surprised me as well when I was writing about the policy. Taking the lowest quote, you could find companies quoting up to 50% more for the very same policy.

Arogya Sanjeevani

The case of Arogya Sanjeevani, the standardised hospitalisation cover designed by IRDAI, was even more stark. All general insurance companies were mandated to offer it from April 1. Here, I found that the premium rate variance could be 300% and even more!

So, there you have the simplest reason for a standardised cover. You can compare apples to apples instead of getting into a major, mixed fruit, jam!

The latest in the line of standardised covers that IRDAI has designed and mandated insurers to offer is a term life insurance policy called Saral Jeevan.

When you think of buying an insurance policy, the numerous questions and confusions that arise are somewhat addressed by a standard policy.

Apart from being comparable across every insurer that offers it, you can think of it as a building block.

If you have a Saral Jeevan and add Benefit A to it, how much would such a policy cost and who will offer it? What about adding Benefit B? Or both?

Making a comparison

When the policy reflects your wish list and you want a higher sum assured, how does such an offering compare across companies in terms of premium?

Such options, details and benefits will be numerous, and more confounding, in the case of hospitalisation insurance. Sub limits, daily cash benefits, size of the affiliated hospital network, exclusions, all can be chopped and changed using the standard policy as the basic building block.

Standardised policies don't just serve as comparison sounding boards; if you are in a hurry to get a hospitalisation policy for whatever reason, maybe year-ending to avail of tax benefits, and don't have time to go through the detailed terms and conditions, opt for the standardised policy.

In the case of hospitalisation policies, you can migrate to a different cover and even to a different insurer at the time of renewal. Take the case of CK and CR. A standardised policy is best in times of panic so that prospective insurance buyers can just grab and go, ensuring protection!

So, whether you want to buy in a hurry or agonise over and analyse your purchase, start with the standardised policy. It would be basic, but life is all about discovering that the basics are not so basic after all!

(The writer is K. Nitya Kalyani.)

[TOP](#)

Source

HEALTH INSURANCE

A health insurance plan on EMI could be the best Diwali gift for your loved ones - Live Mint - 12th November 2020



The coronavirus pandemic has unleashed an upheaval for a second time in many countries around the world. In India, the capital city of Delhi is witnessing a fresh spike in infections. Although the number of cases across the nation has declined considerably from its September peak, when the daily tally hovered dangerously close to the 1-lakh mark, the threat posed by the virus continues, especially because of the festive season.

The biggest takeaway is that the virus isn't going to disappear anytime soon and we will have to learn to live with it. Masks and sanitizers and social distancing will continue to remain the best bets against the disease.

This Diwali, therefore, give your loved ones the gift of good health with the Reliance health insurance Policy. What's even better is that it comes with a monthly EMI plan that eliminates the trouble of a one-time annual premium payment!

EMIs to the rescue

The Reliance Health Gain policy is tailor-made for those who would like a higher sum insured, but cannot afford to make a lump sum payment towards premiums. You can opt for a higher sum insured by paying the premium in small monthly installments or quarterly EMIs, i.e. four easy installments every quarter.

Policyholders can claim between ₹3 lakh and ₹18 lakh and the monthly EMI starts at ₹382. The policies are available in individual and family floater variants and you can choose between periods of one, two, and three years. There are tax benefits of up to ₹1 lakh under Section 80D of the Income Tax Act and, most importantly, the policy includes coronavirus cover and cashless hospitalization in more than 7,300 hospitals.

Co-existing with the virus threat

The pandemic has pushed people to re-evaluate their preparedness for any health emergency. Many patients have had to be hospitalized and a staggering number of them also required ventilator support. As the threat of a second wave dangles upon us, the need to secure the health of your loved ones has assumed greater importance.

The economic downturn caused by the lockdown, however, has made it difficult for many to pay insurance premiums.

In such a case, the Reliance Health Gain policy comes as a true blessing. You can purchase the health insurance on EMI to avoid paying a large amount in one go and still stay secured financially. Opt for the best health insurance policy this Diwali, and put all your worries to rest.

[TOP](#)

Source

Health Insurance Claim: This is why your insurer may not settle the entire claim amount - Financial Express - 12th November 2020



A “healthy” health insurance coverage is the need of the hour. While buying a health policy, one needs to know and understand the conditions of the policy one has decided to purchase, otherwise, the disallowances during a claim might cause mild heart attacks of their own. Horror stories of customers incurring huge out of pocket expenses are the stuff of urban legend now and knowing your policy will help you avoid any bad experiences later.

To understand the common reasons for disallowances, you must first familiarize yourself with insurance terminology and the effect it would have at the claims stage.

Co-pay:

Co-pay is a cost-sharing provision where a percentage of the claim is borne by the customer. Studies show that such cost-sharing provisions influence the way health services are consumed, on account of two primary reasons. Cost-sharing provisions have shown to control moral hazard by decreasing the consumption of unnecessary health services. Also, customers tend to sign the bills without checking in case the payment is to be made by insurers, but the same customers are likely to scrutinize the charges in case of co-pay.

A 10 per cent co-pay is usually manageable but a large co-pay in your policy could entail large out of pocket expenses in case of a major claim. If you have, say a 20 per cent co-pay in your policy, and you make a claim for 50,000 rupees, you will have to bear 10,000 rupees and the insurer would pay 40,000 rupees. However, in case of a claim for 5 lakhs, the out of pocket expenses would be 1 Lakh, a sum most middle-class families would find hard to pay. Check your policy for the level of co-pay and make sure that you are comfortable with it.

In some policies, the choice of room, the city of treatment, etc. trigger the quantum of co-pay, and it is wise to understand these provisions before making the decision of purchase.

Room Rent Restrictions:

The most common mistake customers make is not paying attention to the restrictions on room rent or room category mentioned in the policies. Depending on the sum you have insured for, and the hospital you choose, the out of pocket expenses could run very high because of the room rent/category restriction in your policy.

Generally, insurers limit the room rent to 1 per cent or 2 per cent of the sum insured, though this limit cannot be applied in case of admissions in the ICU as per IRDAI regulations. So, if you have a 3 lakh rupee sum insured, you are eligible for a room rent of 3000 rupees (assuming a 1 per cent limit) and if you get admitted in a room with daily room rent of 5000 rupees (the average rent of a single room in urban hospitals), you would end up paying 40 per cent of the bill out of your own pocket (excluding the cost of

drugs, consumables, implants and similar items). This would be crushingly large in critical cases where treatment is taken in tertiary care hospitals. Therefore, it is not advisable to buy a plan with a very low limit on room rent.

There are two other types of room rent restrictions that have a slightly lesser effect on disallowances. The first type is similar to the 1 – 2 per cent restriction above, but there is no proportionate deduction. The insurer would disallow only the difference in the room rent. Insurers could also restrict the room category that can be chosen, such as a semi-private room, and if a higher room category is chosen, it could either lead to proportionate deduction or a co-pay. If you choose the room category that is allowed in the policy, there would be no disallowance on account of room rent.

Geography Restrictions:

Some policies have geography-based pricing with customers in metros paying a higher premium than those living in smaller cities and towns. If a customer buys a policy in a small town and seeks treatment in the metro, there would be a co-pay. This is not an issue for general illnesses like fever, diarrhoea, etc where treatment can be taken in a small town. But in case of major illnesses, when customers are likely to travel to larger cities or metros seeking high-level complicated treatments, it would pose a double whammy as treatment costs are likely to be high and a co-pay would burden the customer.

Policy Sub-limits:

Your policy could have sub-limits for specific benefits much lower than your sum insured. Check your policy for any sub-limits for specific benefits, for example, a 50,000-rupee limit for AYUSH treatments. In some policies, pre and post hospitalization expenses are capped at 10 per cent of inpatient claim.

Procedure Sub-limits:

In some cases, policies have specific limits for common surgical treatments like Cataract, hernia, etc much lower than the policy limit. So, if your bill is more than the procedure limit, you would have to bear the difference in expenses.

Limitation of Expenses:

Some restrictive policies place limits on the professional charges, room rent, and other medical expenses. This is not very common and is seen sporadically in some retail plans.

Consumables:

In an average hospital bill, 3-6 per cent of the charges are for Consumables – items such as gloves, dressing, cotton, disposables, etc. In the current COVID scenario, these charges have burgeoned to 15 – 20 per cent of the bill due to the heavy use of protective gear such as PPE kits, masks, gloves, shields, etc. If a policy does not cover these, the customer will have to bear the cost out-of-pocket.

There are other smaller reasons for disallowances that are good to understand but are unlikely to entail a major burden to customers.

The best way to buy health insurance is to first choose an insurer who has a proven track record of stable claims practices. Then go through the fine print of the products that are suited to your needs. Check the policy wordings, read up on the conditions of the policy, ask the insurer about sub-limits, co-pay, and restrictions, compare different policies available in the market, or ask an expert. A little attention to detail will go a long way in building a worry-free life.

(The writer is Rajagopal Rudraraju.)

[TOP](#)



Source

Gaps in health insurance policies covering mental illness - The Economic Times - 11th November 2020



Due to the novel Corona virus pandemic more and more Indians have become aware of the importance of insurance. People are buying more health and life insurance policies to protect themselves and their families from Covid-19. An insurance policy that cover mental health is also important today. "During a pandemic, good mental health is more important than ever. Many people who previously thought themselves unaffected by mental health issues have discovered that they, too, are vulnerable. Those with pre-existing mental health conditions have often found their difficulties increased," medical journal, The Lancet, said in a

recent report, Mental health: time to invest in quality. In India at the moment there is no standalone or separate health insurance policy that covers mental health, i.e., it is covered under regular health insurance policies. "A regulars health policy covers your treatment costs for any hospitalisation. Hence, it also covers in-hospital treatment for mental health. The cover is like that offered for say, an appendix operation. The insured must be admitted into a hospital for observation or treatment of the mental ailment," said Chandan D.S. Dang, Executive Director, SecureNow.in, a Delhi-base online insurance broking firm. In others words, under a medical insurance policy mental health is treated like any other disease. This leaves several gaps in the coverage.

(The writer is Navneet Dubey.)

[TOP](#)

Source

Importance of health data privacy and protection in India - Live Mint - 11th November 2020



Wearable technology presents many compelling opportunities for improving healthcare. The use of wearables can enable healthcare consumers to analyze their biomarkers, receive digital coaching services and benefit on their insurance plans. It also enables the medical community to use biomarker analysis in prognosis and treatment over symptom analysis. The technology will lead to paradigm shifts in the healthcare industry from a 'sick-care' model to a preventive or wellness-based model.

There are some legitimate concerns raised against medical devices with regard to accuracy. Unfortunately, the market is flooded with

unscrupulous companies supplying cheap and low-quality wearable technology products masquerading as medical devices. These products show massive variation in their readings. In one case, an Indian man found his pulse oximeter would output the same heart rate value whether he was testing his finger or a pencil.

While concerns around accuracy have to be addressed, the benefits of wearable technology cannot be overstated. It is, however, crucial that firms operating in this space exercise significant care when

collecting, processing and storing health data. While sharing health data may be the key for medical innovations that transform patient care, it should be handled with integrity and responsibility.

Spearheaded by the National Health Authority, the National Digital Health Mission (NDHM) is the country's most ambitious health data digitization drive till date. The technology powering the NDHM architecture has the potential to transform consumer healthcare services across the continuum of care. For this initiative to succeed, government regulators and start-up innovators need to work together to ensure health data is collected, stored and processed in a legally compliant manner. Private companies cannot be given unregulated backdoor access to coveted personal healthcare data.

The proposed legal framework for the future of health data privacy comes from two legislations. The Draft Digital Information Security in Healthcare Act ('DISHA') stands tallest amongst these and shows the potential India has for protecting its citizens' health data. The other being The Personal Data Protection Bill which along with the Information Technology Act also provides more general and blanket protections for all kinds of data.

It is important to note that until these bills are passed and become law – the Centre must find alternate ways to secure the data of its citizens and residents, especially when it relates to healthcare. The security and integrity of healthcare data is not simply an economic issue, the implications of lax healthcare data protection extend to national security as well.

Take the example of Strava, a mobile application that collects, processes and stores wearable technology health data. They released a global heatmap showing 13 trillion GPS points from their users. An international security researcher was able to use this data to identify US military forward operating bases in Afghanistan, Turkish military patrols in Syria, a Russian guard patrol in Syria, a French military base in Niger, an Italian military base in Djibouti and even CIA "black" sites.

The United States has the Health Insurance Portability and Accountability Act. The legislation was created to modernize the flow of healthcare information and to stipulate how personally identifiable information maintained by the healthcare and healthcare insurance industries should be protected from fraud and theft. With surging demand for wearable technology and the advent of the NDHM, Indians are generating soaring volumes of healthcare data. We will also need similarly elaborate legislations to protect the health data of our citizens and residents.

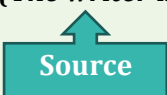
The Ministry of Electronics and Information Technology (hereafter, MEITY) took the bold move to ban hundreds of mobile applications for stealing and surreptitiously transmitting users' data in an unauthorized manner to servers which have locations outside India. While commendable, MEITY needs to continue their work in the same stride in relation to healthcare and fitness mobile applications.

Technology companies rely on data to build their valuation, which means they are financially motivated to amass data at all costs. Many wearable technology-enabled devices are on sale without the necessary compliance requirements. Regulatory authorities, like MEITY and the Ministry of Health and Family Welfare, have to investigate these technologies to ensure they are compliant with our country's rules and regulations.

Make no mistake, I believe the digitization of healthcare will democratize consumer access and will lead to a new dynamic between stakeholders in the industry. Individual ownership of his or her own health data has the potential to truly realign the current incentive structures in the healthcare industry. However, without the right checks and balances in place to prevent data misuse or theft, these efforts will be in vain. Health data is innately private in nature, and the prioritizing of this privacy is non-negotiable. With thoughtfully designed systems and intricate regulation, we can ensure that this prioritization remains intact as India moves towards a digitized future.

(The writer is Vishal Gondal.)

[TOP](#)



Despite state governments capping COVID-19 treatment costs, hospital bills can drain your monthly spending; here's how – CNBC – 10th November 2020



In the month of June, several state governments including Delhi, Telangana, Tamil Nadu, Rajasthan and Maharashtra capped the prices of COVID-19 treatment at listed private hospitals. This was implemented as an attempt to ease off the burden of hefty hospital bills for the treatment of coronavirus infection.

It was believed that the initiative will prove to be a great relief for the people who are reeling under severe coronavirus outbreak. However, things seem to be totally different. As per a recent report in a leading English national daily, even after the capping of COVID-19 treatment costs, over 80

percent of families in the country would be financially crippled by a single member of the family undergoing treatment for COVID-19 at a private hospital. And this is because the monthly expenditure of more than 80 percent of the families in the country is way less than what hospitals are charging – even after capping – for a 10-day treatment of the novel coronavirus.

What the Report Says

As per the findings of the latest Household Expenditure Report published by the National Statistical Office, the monthly spending per person in the country in more than 80 percent of the families is between Rs 5,000 – Rs 25,000 for a family of 5. But the cost of an isolation bed in a non-accredited hospital is more than three times the monthly spending.

For instance, in Delhi - which has one of the highest monthly per capita expenditures in the country i.e. Rs 25,000 - the lowest-priced isolation bed costs Rs 80,000 for ten days of treatment which is more than three times the monthly spending. And for a patient who gets admitted to an ICU ward without a ventilator, the cost reaches Rs. 1.3 – Rs. 1.5 Lakh and with a ventilator the cost comes anywhere between Rs. 1.5 – Rs. 1.8 Lakh.

Similarly, in Punjab, where the monthly spend of over 80 percent of families is around 18,000, a 10-day isolation bed in the state costs between Rs. 80,000 – Rs. 1 Lakh while the charges for ICU without a ventilator and with ventilator are Rs. 1.5 Lakh and Rs. 1.8 Lakh respectively.

In Haryana, the monthly spend is Rs. 14,165 while the isolation bed charges for 10 days are between Rs. 80,000 – Rs. 1 Lakh. A 10-day isolation bed in Maharashtra costs Rs. 40,000 where the monthly spend of most families is limited to Rs. 10,000. The ICU ward without a ventilator in Maharashtra costs Rs. 75,000 while one with a ventilator costs Rs. 90,000. Under all these cases, the bill can reach several lakhs if the treatment stretches for 2/3 or more weeks.

Quest for Best Treatment

In all states across the country, the treatment for COVID-19 is being offered free of cost at the government hospitals. However, with reports of poor conditions in these hospitals and hospitals running to full capacity, most people are avoiding taking treatment at government hospitals. Even if people have to break through their savings to avail of the best possible treatment, they are not hesitant to do so.

Moreover, one of the United Nation's prime objective of sustainable development is to prevent people from catastrophic spending on healthcare. As per the guidelines issued by the UN, if in a family, the share of expenditure on health in the total annual household expenditure is more than 10 to 25 percent, it is categorized under catastrophic expenditure. For the treatment of COVID-19 in most states in India, the expenditure is way more above the 25 percent threshold.

Health Insurance - A Solution to Everything

It is very important to stay financially protected against the epidemic and the only way to stay financially protected against the treatment of the infection is by buying an adequate health insurance policy. Unlike all other medical expenses for hospitalization, if one gets hospitalized for treating coronavirus infection, the health insurance plan will come in rescue to safeguard medical expenses.

Buying a health insurance plan not just for yourself but for your entire family is important to make sure your hospital admission and treatment expenses are covered seamlessly. Your health insurance policy will cover you for testing and the cost of treatment for the novel coronavirus. However, while buying health insurance, it is important to have an adequate sum insured as the treatment of such pandemics is quite costly and one must have sufficient coverage to pay for the expenses.

(The writer is Amit Chhabra.)

[TOP](#)

Source

Bengaluru: Government mulls pension, life, health insurance for temple priests - Daiji World - 10th November 2020



The government is planning to implement an integrated scheme to extend protection to over 50,000 priests belonging to temples under the muzrai department in the state.

There are 34,000 temples under the department now. The government is thinking of providing pension, health insurance and life insurance to the priests. A clear decision can be expected in about three weeks. Beneficiaries of the scheme will be the priests, other employees serving the temples, and their family members.

A high level discussion is currently going on about providing health insurance. A decision has not yet been taken whether they can be covered by Arogya

Karnataka-Ayushman Bharat scheme, or only for the ailments listed out in the scheme. There are also suggestions to add some more diseases to the list. Decisions about these things have not been taken.

The aim is to provide cashless treatment facility to priests and staff of temples up to five lac rupees. Once a decision is taken, they will be able to get treatment in all the hospitals registered under Arogya Karnataka-Ayushman Bharat scheme.

Life insurance of five to seven lac rupees is also planned. This amount is payable in case of death, permanent disability etc. The government has held a round of discussions with LIC of India. It proposes to provide insurance of five to seven lac rupees. The government has to decide whether the premium will be remitted by the government or partial premium has to be collected from the staff. Calculation of financial burden is going on.

Insurance premium depends on the past date on the demise of priests annually, average number of tragedies, average number of deaths etc.

At present, salaries of priests and other employees are met by temples grouped into different categories. In case of priests, the entire families used to face crises. The government wants to extend pay and insurance facilities to all categories of temples. The figures like ages of priests and employees etc are being put together to calculate premium and take a decision.

Muzrai minister Kota Srinivas Poojary, said that protecting priests and other staff is the responsibility of the government.

[TOP](#)

Source

COVID-19: Be claim ready with the right health insurance policy - The Indian Express – 9th November 2020



Soon after the onset of the COVID-19 pandemic, the Insurance Regulatory and Development Authority of India directed all general and specialised health insurers to cover COVID-19 under standard health insurance policies.

The regulator even advised insurers to be extremely cautious while rejecting a claim related to COVID-19 and give proper reason to the customer for rejecting a claim. However, in the last few months, several issues related to claim settlement have emerged from the customer's end despite strict clarification by the regulatory body.

Some common issues included were would a hospital cover a customer under health insurance for quarantine due to suspected coronavirus infection? Also, will the insurer approve the claim if a customer chooses to get hospitalised after testing positive for COVID-19 just to make sure that the condition does not deteriorate? And, if a customer chooses to take home treatment for COVID-19 instead of getting hospitalised, would the expenses for home treatment be covered under a standard health insurance policy?

These are some of the very common queries that people are facing before filing a claim for the novel coronavirus.

Filing claim for COVID-19

In order to enjoy a seamless claim experience, you need to follow the right claim process. Though the procedure to file a claim for COVID-19 is the same as any other claim, still you need to be extra cautious.

You first need to decide whether you want to make a cashless claim by taking treatment at a network hospital of your insurer or take treatment at a hospital of your choice and later file for reimbursement of the expenses made.

Under cashless treatment, you do not need to pay the hospital bill and rather the bill will be settled with the hospital directly by the insurer. Under the reimbursement process, while taking treatment of your choice, you need to settle the entire hospital bill on your own. The expenses made by you will be later reimbursed to you by the insurer which are subject to approval.

Under both the claim processes, i.e. cashless and reimbursement, it is important for you to first inform the insurer about your hospitalisation and file a claim request. For the convenience of the customers, all the insurers have been directed by the regulatory body that any claim related to COVID-19 must be processed within 2 hours of filing a request.

On the advice of the IRDAI, to process covid related claims in the minimum time possible, many insurers have even set-up a dedicated claims team that will only look after claims related to coronavirus. This team remains in direct touch with the customer and processes their claim request in the minimum time possible.

For availing the treatment of COVID-19, the hospital will first test you for coronavirus infection by doing a PCR test. As per state government guidelines, the private labs throughout the nation have been asked to cap the test prices and a test will only be permitted to be conducted at a NABL-accredited laboratory.

Your insurer will cover you for COVID-19 test expenses in case you are admitted in the hospital for taking treatment for the infection. In all cases, charges incurred 30 days prior and post hospitalisation fall within the ambit of pre and post hospitalisation expenses and are covered under the health insurance policy.

Though, while making a claim it is very important to know what all is covered and what all is not covered under your health insurance plan. Several insurers have issued a set of inclusions and exclusions for the treatment of COVID-19. It is very important for you to know these inclusions and exclusions so that there is no confusion while filing a claim request.

Hospitals for COVID-19 treatment

As per Delhi government orders, the list of hospitals that have been declared as dedicated hospitals for COVID-19 treatment include Lok Nayak Hospital and GB Pant Hospital, Rajiv Gandhi Super Speciality Hospital, Guru Tegh Bahadur Hospital, Deen Dayal Upadhyay Hospital and Dr Baba Saheb Ambedkar Hospital. Apart from these government hospitals, three big private hospitals have also set up dedicated facilities for Covid patients which include Sir Ganga Ram Kolmet Hospital, Apollo Hospital and Max Hospital.

In Mumbai, prominent hospitals providing treatment for COVID-19 include Bombay, Bhatia, Jaslok, Breach Candy, Saifee, Wockhardt and Global.

In Gurugram, the hospitals providing treatment for COVID-19 include Metro Hospital, Narayana Hospital, Signature Hospital, W- Pratiksha Hospital, Columbia Asia Hospital and Park Hospital.

(The writer is Amit Chhabra.)

[TOP](#)



Less than half of ₹8,000-crore Covid claims filed so far have been settled - The Hindu Business Line - 8th November 2020



Seventy-seven-year-old Aresh Prasad Ghosh died after a three-day battle with Covid at one of the premier city-based private hospitals. His total bill for three days added up to nearly ₹3 lakh, with the ICU room charges and ventilator alone costing his family a whopping ₹88,000 a day. Luckily, he was under his son's corporate health insurance cover and got back nearly 90 percent of the total claims. But having an insurance policy may not be enough to ensure that you get fully covered, and there have been instances where patients have received only 50-70 percent of their claims. Insurance companies on their part have clarified that they would only be able to honour claims to the extent that they are

“reasonable and customary”, indicating that they may not be able to honour claims that are “unreasonable” arising primarily due to overbilling by hospitals.

As on November 3, close to 5.18 lakh claims have been filed, amounting to nearly ₹7,973 crore. Of these, close to 3.97 lakh cases (roughly 77 percent) have been settled. However, the amount settled is around 43 percent of the total claims at around ₹3,436 crore. While the number of cases rejected or withdrawn is miniscule at around 1,337, close to 1.21 lakh claims amounting to ₹4,538 crore are pending for

settlement. According to MN Sarma, Secretary General, General Insurance Council (GIC), the difference in the number of claims made and settled is primarily due to the time lag between reporting of a claim and submission of final bills post the completion of treatment. However, he clarified that insurance companies would only settle claims to the extent that they deem reasonable and customary” and may not be able to honour the full claim even if it falls within the customer’s sum insured limit. “In our policy, the wording is very clear, insurers will reimburse up to the sum insured only those expenses which are reasonable and necessary. We cannot reimburse whatever the hospital is charging,” he said, and added that there have been instances where hospitals were reportedly “exploiting” patients by charging exorbitant rates. “If we simply settle whatever claims are raised then either we will have to resort to increasing the premium on health covers next year or have this (Covid) as an exclusion in our policy like we do not cover war risks,” he pointed out.

According to S Prakash, Managing Director, Star Health and Allied Insurance, there is a lack of standardisation of costs at some hospitals and there have been instances where patients with cashless policy have been either denied admission or asked to pay upfront. GIC and the industry are in constant discussions with the hospital network for bringing in standardisation. “Discussions are under way to arrive at a common ground in terms of referral rates, both for reimbursement and cashless treatment,” Sanjay Datta, Chief Underwriting, Claims & Reinsurance, ICICI Lombard General Insurance, said. Insurance companies are also likely to see piling up of claims for non-Covid treatment, which had been put on hold until recently. “During the first three months of the lockdown, people were avoiding going to hospitals and some of the surgeries and treatment were delayed. But post July, things have been opening up and if we do not see another wave of Covid, then people will feel safe (with hospitalisation), and non-Covid claims will start increasing. We need to wait and watch,” said TA Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance.

(The writer is Shobha Roy.)

[TOP](#)



Insurers receive Covid claims worth Rs 7,700 cr; premiums jump up to 100% - The Indian Express – 8th November 2020



The persisting high level of Covid infections in the country has led to insurance companies getting a claims bill of Rs 7,700 crore as of October 30. The rising number of claims and widening of illnesses under health policies have also pushed up premiums by up to 100 per cent, raising concern among senior citizens.

While insurers have received 5.01 lakh claims for Rs 7,699.50 crore under the Covid insurance plan as of October 2020, they have settled 3.43 lakh claims worth Rs 3,315.5 crore, according to figures compiled by the General Insurance Council. Although the average claim per person across India

was Rs 1,53,453, the average settled amount was Rs 96,434 per person. Maharashtra, which reported the maximum Covid infections, also made the maximum Covid insurance claim of 1.97 lakh worth Rs 2,443.69 crore. Insurers settled 1.31 lakh claims worth Rs 1,060.4 crore till October 30, 2020 in the state. The average claim per person settled in Maharashtra was the lowest at Rs 80,558. In Tamil Nadu, there were 49,704 claims worth Rs 906.68 crore and settled 35,451 claims worth Rs 361.17 crore so far. There were 46,900 claims for Rs 719.23 crore from Gujarat and 45,698 claims for Rs 696.79 crore from Karnataka. Insurers got 26,653 claims for Rs 533.6 crore from Delhi.

India has reported 83.64 lakh Covid cases as of November 5. The fact that only 5.01 lakh people have claimed health insurance means only 5.99 per cent of the infected people have health insurance coverage. With Covid cases remaining high and the cost of hospitalisation rising, insurance regulator IRDAI has advised insurance players to change their focus from hospitalisation to preventive care, especially home care and outpatient treatment, and bring down the costs. “We should look at home care facilities. We don’t need hospitalization if home treatment is possible. This cost will come down. Insurance companies, customers ... everybody will benefit. We have allowed video-based consultation. We have also allowed wellness in insurance policies,” IRDA Chairman Subhash Khuntia said at an industry conference recently.

Premium rises

With Covid cases remaining high, insurers witnessed a surge in demand for health policies with premium collection touching Rs 28,804 crore, showing a rise of 15.8 per cent till October 2020. This is at a time the overall general insurance sector registered just a 1.37 per cent growth during the period. The rise in Covid claims and addition of more illnesses to the health policies have led to a spike in premium, insurance sources said.

“I had paid a Rs 13,418 premium on my Rs 2 lakh health policy of National Insurance Company last year. This year the company had asked me to pay a premium of Rs 27,467. This is a hike of more than 100 per cent in a year. How can people afford a 100 per cent hike in premium when Covid is still raging in the country? The hike is more pronounced in the case of senior citizens who are most vulnerable,” said Pawan Dharnidharka, a stock market professional. Policy holders above the age of 65 witnessed a major hike in the last a few months.

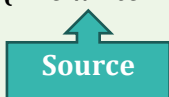
Adarsh Agarwal, appointed actuary, Digit General Insurance, said, “Over the last few years, many insurers haven’t revised the health insurance premium rates, owing to increase the penetration for health insurance. However, given medical inflation is close to 12 per cent plus each year, companies need to regularly revise premium rates to be afloat. In the current pandemic scenario, claim severity has also increased, which has further fueled inflation, requiring companies to relook at the premium and hence the increase.”

The scope of health insurance coverage is being widened. “It would also cover genetic disorders, mental health procedures, puberty, artificial life maintenance, internal congenital diseases, age-related muscular degeneration, menopause-related disorders and mental illnesses. This would require an applicable price rise due to comprehensive coverage and upsurge in medical inflation. Conversely, by paying a little extra premium, health insurance products would come to be more inclusive and less complicated,” said Sharad Mathur, MD & CEO, Universal Sompo General Insurance.

Bhabatosh Mishra, director underwriting, products & claims at Max Bupa Health Insurance, said, “We have taken a conscious decision to not increase premiums this year, especially in the times of pandemic, where health insurance has become an absolute necessity.”

(The writer is George Mathew.)

[TOP](#)



How critical illness insurance can protect you from high cancer treatment costs - Financial Express – 7th November 2020

As we observe the National Cancer Awareness Day across the country to raise awareness of cancer and to encourage its prevention, detection and treatment, it is imperative to point out that Cancer is the second leading cause of death worldwide – only after cardiac diseases. It has stood invincible against the best of medical facilities for long. Lifestyle changes, environmental decline, and a slew of other factors have made us more susceptible to cancer, which causes a whopping 71% of deaths in the age group of 30-70 years, according to the World Health Organization. The worst thing about any cancer is that it is already too late if the symptoms start showing. When staged at this critical period of one’s battle against cancer, the best thing one can do is to lead a healthy lifestyle by refraining from cancer-inducing substances.

People die daily due to tobacco-induced diseases, and one woman every day dies a vulnerable death at the hands of cervical cancer. While there are quite a few forms of cancer recognized in the medical study of the diseased – colorectal, lung, breast, stomach, and prostate cancer are the ones most repeatedly identified in India.



However, with time and rapid scientific developments, cancer has been proven tamable if detected early. But even with all the sophisticated screening and cancer treatment facilities made available, it does not spare the victim and their families from a harrowing experience of emotional and economic havoc that the treatment entails.

What's worse, with an increase in cancer risk amongst the masses, the treatment expenses have also become exorbitant in recent years. In fact, cancer treatment costs are so prohibitively high that they can deplete someone's complete life savings. The expenses are higher if a patient needs treatment

abroad. This is why it's more important than ever to have a good critical illness insurance cover that will help make the hospitalization process easier on you financially.

Critical illness insurance policies provide financial support to the insured if they are diagnosed with cancer. Usually, a critical illness policy covers several costs associated with cancer diagnosis and treatment, including hospitalization, chemotherapy, radiation, surgery, blood transfusion, nursing care, and the cost of prescribed medicines, among others. A critical illness cover pays the sum assured all at once on being diagnosed with a severe ailment that counts as a critical illness, irrespective of the hospital charges. The policyholders are free to use the amount as they need.

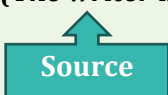
It is especially worth considering opting for a critical illness policy if one has a family history of cancer or if people believe that they are at greater risk of developing cancer due to environmental, lifestyle, or other reasons. If anybody's regular health insurance policy does not provide coverage for cancer-related treatments, then a critical illness cover is a must. Critical illness policy provides coverage for different cancer stages, and the lump-sum benefit is paid when diagnosed with cancer. Not only this, the premium is waived post-diagnosis, and a fixed monthly income benefit is provided for a fixed number of years.

However, make sure that your insurance provider has a large hospital network coverage, if possible a worldwide one as specific cancer treatments may need you to travel overseas. As a thumb rule, ensure that you take protection of around 10 times your annual income as your Sum Insured for critical illness. Also check for various claim pay-out options such as lump sum payout upon diagnosis or a staggered pay-out that will give you monthly installments helping you cover your expenses while you courageously fight the disease.

Nobody wants to think about the likelihood of getting a cancer diagnosis. It instills fear and a sense of vulnerability in the hearts and minds of the affected. But it is essential and always helpful to have a critical illness cover that gives some hope and peace of mind of mind to the insured.

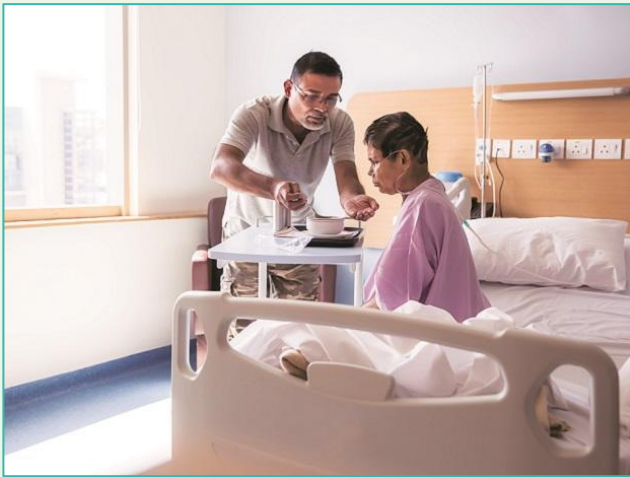
This National Cancer Awareness Day, let us all resolve to stand against this looming threat by adopting healthy habits of exercising regularly, sticking to a nutritious diet and giving up on tobacco and alcohol addictions irretrievably, and investing in a good critical illness policy to protect one's savings from being drained out in case of a medical emergency.

(The writer is Prasun Sikdar.)



[TOP](#)

When buying cancer cover, look for a policy that pays even at early stage - Business Standard - 6th November 2020



Among non-communicable diseases, cancer is a leading cause of deaths in India. This National Cancer Awareness Day let us discuss how insurance can help you handle the financial devastation caused by this disease. When cancer is detected, a person has to incur hospitalisation expenses. But a considerable part of treatment also happens in the form of daycare (chemotherapy, for instance, may not require hospitalisation). Treatment also tends to be prolonged and the patient is unable to earn during this period. To meet these issues, you need multiple covers.

First, buy an indemnity plan. “Your first should be a comprehensive health cover—an indemnity-based plan that will reimburse your hospitalisation expenses,” says Mayank Bathwal, chief executive officer, Aditya Birla Health Insurance. Thereafter, buy a fixed-benefit plan, which will pay a lump sum on the detection of the disease, help you meet the myriad expenses beyond hospitalisation that arise, and compensate you for loss of income. “Your hospitalisation cover should be for at least Rs 10 lakh per person, but go higher if you can,” says Amit Chhabra, head-health business, Policy Bazaar.

The fixed benefit plan you buy can be either a critical illness cover or a cancer-specific policy. “It is advisable to buy a critical illness cover—one that covers you for a wide range of ailments. But if you can’t afford one, opt for a disease-specific cover, like cancer cover,” says Bathwal. Adds Renu Maheshwari, Sebi-registered investment advisor, and co-founder and principal advisor, Finscholarz Wealth Managers: “If you have family history, your lifestyle or occupation puts you at high risk, or you are worried about contracting this disease, buy a cancer-specific cover as well.” Since it is a single-disease cover, it is cheaper than either a hospitalisation cover or a critical illness cover. Cancer covers are available from both life and general insurers. “The cover from a life insurer will be for a specified period, say, 20-25 years. Make sure you are covered for the longest possible period. Policies from general or health insurers are renewed every year for the entire lifespan,” says Naval Goel, chief executive officer (CEO), PolicyX.com. Another difference is that the premium of a policy from a life insurer remains constant throughout its tenor. A general/health insurer’s premium will be lower when you are younger and

increase as you age. Over a lifetime, however, their costs may not be very different, say experts.

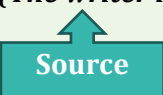
WHAT A CANCER COVER WOULD COST YOU		
Insurer	Plan name	Premium (₹)
HDFC Ergo Health	I-Can Enhance Advanced (Indemnity)	5,919
Aditya Birla Capital	Cancer Secure (Fixed Benefit)	6,656
Care Health Insurance	Super Mediclaim - Cancer (Indemnity)	3,116

Premiums are for a 45-year-old male, living in Delhi, for a sum insured of ₹25 lakh. These are cancer covers from a few health insurers. Source: Policybazaar.com

Some insurers have launched indemnity-based cancer covers. These may not be very useful since your indemnity costs would be covered by your basic hospitalisation cover. So, go

for a fixed-benefit cover. “Make sure the sum insured of the cancer cover is high — around Rs 50 lakh,” says Goel. Maheshwari suggests the policy should come with premium waiver option. Bear in mind that the amount you get paid depends on the stage at which cancer is detected. “Somebody whose cancer is detected at stage II gets a lower payout than someone whose cancer is detected later,” says Chhabra. Buy a policy that makes a payout irrespective of the stage of detection. “Your policy should make a payout even if the disease is detected at stage I. And the payout should be substantial even at an early stage,” says Chhabra.

(The writer is Sanjay Kumar Singh.)



TOP

MOTOR INSURANCE

FASTag must for all vehicles from Jan 1, 2021: No FASTag, no 3rd party insurance soon - Financial Express - 8th November 2020



FASTag had been made mandatory on all new four-wheelers sold after December 1, 2017. It was a must-have in order to register the vehicle. They were being supplied by the manufacturer or dealer. Now, the Union Ministry of Road Transport & Highways is making FASTag mandatory for all four-wheelers, including old ones sold before December 1, 2017. MoRTH has issued a notification for an amendment to the Central Motor Vehicle Rules (CMVR) 1989. This will make it mandatory for all vehicles to be equipped with FASTags from January 2021. The notification from the ministry was made on November 6, 2020.

As a part of the initial inclusion of FASTags in the CMVR, it made a necessity for the renewal of fitness certificate for transport vehicles. As of October 2019, FASTags were required also to obtain national permits for these vehicles.

While from Jan 1, 2021, a FASTag will be required for all older vehicles. The ministry also mentions to acquire third-party insurance for the vehicle, a FASTag will also become a requirement as of April 1, 2021.

The Indian Government is aiming to make payments of fees at Toll Plazas to 100% through electronic means. The goal for it is to ensure no waiting time at these Plazas thus resulting in fuel savings. The government is also making the availability of FASTags easier by ordering them online, or at physical locations in order to help citizens to have them equipped in their vehicles within the next two months.

Source

[TOP](#)

SURVEY & REPORT

Artificial Intelligence and Machine Learning helping insurance companies with cybersecurity: EY - The Economic Times - 10th November 2020

As cyber security becomes even more crucial amidst Covid19 pandemic, artificial intelligence and machine learning backed solutions are helping several insurance companies tackle these threats, an EY report said.

In a recent case, EY had helped an insurance company tackle the cybersecurity threat and this could be replicated throughout the industry.

An Indian insurance company was looking to augment its internal security to protect its data, systems, and infrastructure from potential cyber security threats. In addition, the company determined that it needed a 24x7 security log monitoring system that could operate 365 days a year along with the capability to conduct analytics, threat profiling, correlation and alerting, EY report said.

The company is now not only able to prevent active threats, but also conduct analysis on potential vulnerabilities. Besides that, the company has been able to transition multiple non-core parts of the cyber

security management process to the MSS. These include identity management, antivirus management, mobile device management and intrusion prevention, EY report said.

Industry trackers say that cyber security has become really crucial during the pandemic as employees work from home.



The impact is felt across the board, say industry experts.

For instance, some top European banks and companies that outsource work to their captives or to BPOs in India are either recalling jobs or deferring contracts fearing data leaks as most employees continue to work from home amidst the Covid-19 pandemic.

Europe accounts for about 30% of India's \$150 billion outsourcing industry.

European companies and banks fear that a data leak in India could end with steep penalties back home in Europe due to strict data protection laws. General Data Protection Regulation or GDPR prescribes how companies that deal with data of EU citizens could handle and store it with third parties. The penalties for not doing so could be 4% of the global annual turnover or €20 million (about Rs 160 crore).

(The writer is Sachin Dave.)



[TOP](#)

AMCs, general insurers see growth in Q1 even as most firms report fall in revenues: Report - The Economic Times - 7th November 2020

Asset management companies and insurance companies saw some growth during Covid pandemic as per their June quarter audited results, a report said. This comes at a time when top 200 companies in India saw a 30 percent fall in their revenues in the quarter ended June due to Covid-19 pandemic as against the previous quarter this year, as per an EY India report. The EY report-- Impact of the pandemic on Indian corporate results— analysed top 200 listed companies (BSE 2000) based on their results announced in June quarter. As per the report, EBITDA (earnings before interest, taxes, depreciation and amortisation) margins for most sectors also dipped in the June quarter compared to March quarter. Life sciences, oil and gas, power, and media were the only sectors that beat the trend and improved their EBITDA margins in the June quarter as against the March quarter.

(The writer is Sachin Dave.)



[TOP](#)

INSURANCE CASES

Insurance firm fined Rs79K for denying claim - The Tribune - 10th November 2020

The Permanent Lok Adalat (PLA) directed New India Assurance Company Limited to pay Rs 64,350 compensation to a city-based resident.

The firm has also been asked to pay Rs 15,000 as litigation expenses to the beneficiary for its negligence in conducting a timely assessment of the loss suffered by the resident.

Inderjit Kaur, a resident of New Jawahar Nagar, had approached the PLA in December 2018 against non-disbursal of an insurance amount to her father.

As per the judgment order, the applicant had submitted that her father, Surmukh Singh, had purchased a truck, bearing registration number PB-08N-9840 on December 5, 1995, which was registered with the District Transport Office, Jalandhar.



Surmukh regularly got the insurance of the vehicle done and had also purchased an insurance policy (Number 361001/31/89/01/00000762, from the insurance company on May 20, 2009 which was valid till May 19, 2010). Unfortunately, the truck was burnt down by mob on May 24, 2009 near Paragpur village on the national highway while the vehicle was heading to Ropar from Jalandhar.

Avtar Singh, who was the second driver of the truck, said their vehicle was damaged and all the documents, including original registration certificate, original route permit, insurance policy, pollution certificate, a letter issued by the Regional Transport Authority regarding route permit to

Chandigarh, a letter issued by the Regional Transport Authority from Jalandhar to Haryana got damaged. He said they were asked to leave the spot following which an FIR was registered as the truck was burnt by mob.

Apart from approaching the administration for compensation, he also applied for the insurance claim for damage and loss to the truck in the office of the insurance firm at Patel chowk and gave them the copy of an FIR.

Later, a surveyor was appointed to assess the loss and damage caused to the truck, who took photographs of the damaged truck. The said photographs were in the custody of the surveyor and insurance company.

Surmukh had also submitted various invoices/bills, documents regarding order and estimate, cash/credit memos. Despite the completion of all the formalities, the respondents did not release any insurance amount.

Surmukh passed away in December 2009. However, he bequeathed his movable and immovable properties in favour of the applicant. After his death, she continuously pursued the case.

On January 14, 2016 the applicant issued a letter to the company to release the insurance amount in her favour. But despite repeated attempts, she could not get the amount. Later, she registered a case against the company in 2018 at the PLA and sought compensation.

After hearing statements of both the parties, the PLA comprising Chairman SK Jhulka and member Shushma Handoo concluded that the insurance firm was bound to follow the "Insurance Regulatory and Development Authority (Protection of Policyholder Interest) Regulations", hence, considering that the claim of the applicant was neither settled nor repudiated, directed the company to pay Rs 64,350 to the applicant with an interest rate of 6 per cent per annum from the date of registration of application. The applicant was also held entitled to a litigation cost of Rs 15,000.

[TOP](#)

Source

Ahmedabad: Liquor permit hurdle to mediclaim removed - The Times of India - 7th November 2020



A septuagenarian, Sureshchanra Shah, was denied mediclaim by his insurer because he was holding a liquor permit.

A consumer court intervened to secure for Shah his expenses after his intestinal surgery, with the observation that there was no alcohol abuse reported and the insurance company cannot refuse reimbursement under the pretext of alcoholism and pre-existing diseases.

The case is from Jamnagar town. Seventy-two-year old Shah had a Rs 5 lakh medical insurance cover from the Oriental Insurance Co Ltd since 2012. In May 2019, he underwent intestine surgery at a

private hospital in Rajkot and incurred Rs 2.86 lakh expenditure. He claimed reimbursement from the insurer.

In August 2019, the insurer rejected Shah's claim stating that he had hid his hypertension and diabetes as well as his habit of drinking liquor and that he was holding a liquor permit since 2013. Shah dragged the insurer to the Jamnagar District Consumer Dispute Redressal Commission, where he argued that he had supplied all information the insurance company sought from him. Moreover, the insurance company was wrong in linking his health complication to liquor because there was no alcohol abuse reported in his case.

Before the consumer court, the insurance company relied on the hospital's discharge summary and asserted that Shah had the complication of hypertension for 20 years and diabetes for the last two years. It was his alcohol abuse that led to the health complications and his surgery.

After hearing the case, the consumer court concluded that there was no evidence to establish alcohol abuse by Shah. There was also no link established to show that alcohol consumption led to the surgery. There was a deficiency in service on the part of the insurer in rejecting the mediclaim on this ground. The insurance company has been ordered to reimburse the medical bill along with 6% interest and pay Rs 3,000 extra to Shah as compensation for mental harassment and legal expenditure.

[TOP](#)

Source

Pre-existing disease no reason to deny insurance claim: Panel - The Tribune - 6th November 2020

While directing New India Assurance Company Limited to pay a total claim of Rs2,85,833 to a city resident, along with 8 per cent interest per annum, the Consumer Disputes Redressal Commission, Chandigarh, has held that an insurance claim cannot be denied on mere presumption that a person is suffering from a pre-existing disease.

The commission also directed the company to pay Rs25,000 to the complainant as compensation for causing mental agony and harassment and Rs10,000 as costs of litigation.

Pawan Kumar, a city resident, approached the commission after he was denied claim on the ground that he had pneumonia and a known case of chronic kidney ailment since 2015, which was a pre-existing disease and the claim was not admissible under Clause 4.1 of the terms and conditions of the policy being within 48 months from the date of expiry. Pawan refuted company's claim by placing the documents on records that he was duly covered under the policy.

Pawan had bought New India Floater Mediclaim Insurance Policy for first time in 2015, which was renewed subsequently. The policy, was valid from May 13, 2017, to May 12, 2018, for sum assured of Rs8,00,000.



In October, 2017, during the validity of the policy in question, Pawan fell ill. He had fever for 10 days and was admitted to a hospital from October 24, 2017, to November 15, 2017.

He was diagnosed with thick walled cavity RML/RLL (Right lung). He was referred to the Department of Pulmonary Medicine, PGI, and was again admitted for 13 days at the hospital. Later, when Pawan submitted total claim of Rs2,85,833 the insurance company denied it by stating that the claimant was a case of pneumonia and a known chronic kidney disease since 2015, which was a pre-existing ailment.

Pawan also placed the record of the treatment at the PGI, which proved that he was suffering from fungal infection and diagnosed with thick walled cavity RML/RLL (Right lung). It is also recorded that during the period of complainant's hospitalisation, his transplanted kidney was functioning normally. Hence, no treatment of any sort was given for kidney disorder.

After hearing arguments the commission observed: "We have no option except to hold it a case of deficiency in service as well as unfair trade practice by the insurance firm."

The commission's order states: "It is clear from the records that treatment did not pertain to kidney problem, but a fungal infection. It has no connection or relation with the kidney disorder and is a pre-existing disease for invoking of the exclusion Clause 4.1"

The order further states: "In view of this the insurance firm is directed to pay the total claim of Rs2,85,833 to the complainant along with 8 per cent interest per annum from the date of repudiation, which is December 29, 2017, till realisation."

[TOP](#)

Source

PENSION

PFRDA gearing up for NPS separation - The Economic Times - 10th November 2020



The Pension Fund Regulatory Development Authority has started an exercise to separate its twin functions that are often seen as a conflict of interest. A consultant will be appointed soon to carry out the restructuring, PFRDA chairman Supratim Bandyopadhyay said. PFRDA is the regulator for the pensions sector and also oversees the National Pension System. "It will take a few weeks' time because we have received expressions of interest following which there will be a targeted request for proposals since it is a technical job," Bandyopadhyay said, adding that the consultants would likely get two months. Finance minister Nirmala Sitharaman had said in her budget speech in February that the separation was needed to strengthen the

regulating role of the authority. The Centre sought Parliament’s approval for the proposed amendments during the monsoon session, but the bill was not taken up. It is likely to be considered in the winter session.

Bandyopadhyay said the regulator itself had suggested the separation in view of the conflict of interest. “On one side we are managing the NPS trust and on the other side we are making the regulations, so there is some conflict of interest,” he said. Bandyopadhyay said the regulator would soon seek requests for proposals for the appointment of new fund managers for the NPS. The draft RFP was ready for the board’s consideration. It was the regulator’s view that the cost structure of NPS should be reviewed to address the “minuscule” 0.01 percent of corpus currently charged as fund management fees. “There was a committee set up to give its recommendations on the cost structure and they will be submitting their report in a day or two,” the chairman said.

(The writer is Gaurav Noronha.)

[TOP](#)



IRDAI CIRCULARS

New Business Statement of Life Insurers for the Period ended ended 31st October, 2020 is available on IRDAI website.

[TOP](#)



IRDAI issued exposure draft regarding standard vector borne disease health policy.

[TOP](#)



IRDAI issued circular regarding dispensing with physical signatures on proposal forms.

[TOP](#)



List of corporate agents registered with the authority as on 31.10.2020 is available on IRDAI website.

[TOP](#)



Gross direct premium underwritten for and up to the month of October, 2020 is available on IRDAI website.

[TOP](#)



GLOBAL NEWS

Pandemic will impact employee health benefits for years – Asia Insurance Review

Both the cost and design of employer-provided health benefits will be affected by the disruption to the delivery of healthcare and lasting changes to work patterns resulting from the COVID-19 pandemic. According to a new annual report by Mercer Marsh Benefits (MMB), 68% of insurers expect increased medical claims driven by COVID-19 diagnostics, care and treatment. Insurers also said they expect increases in medical costs to continue to outstrip inflation in 2021.

Titled 'MMB Health Trends: 2020 Insurer Survey', the report focuses on employer-sponsored health programmes in 59 countries, excluding the US, provided between early June and mid-July 2020.



This year's report contains the annual quantitative medical trends table, mainly based on data provided by nearly 240 insurers as well as added content beyond the financial aspects of insurance coverage.

"With an expected rebound in elective treatments deferred during lockdown, a rise in negative health issues related to remote working and sedentary lifestyle, including musculoskeletal and mental health issues, and ongoing concerns about the long-term physical and mental health implications of COVID-19, we expect medical costs to continue to increase," said Mercer president, health and Mercer

Marsh Benefits international leader Hervé Balzano in the report.

He also noted that companies need radically to rethink the range of benefits they offer their employees and the way in which they deliver them in order to meet the new challenges posed by remote working and contain expanding costs. The report also reveals that this year, medical costs in Asia are expected to outpace general inflation by 7.5 times with an average rise in medical costs of 10.7% compared to the global average of 9.5%. For 2021, 86% of insurers in Asia, compared to 90% globally, expect the trend to sustain or increase.

On the medical cost increase for Asia, MMB Asia leader Joan Collar said, "The region was the first to be hit by COVID-19 and has 'bounced back' faster than many other parts of the world, as a result of swift and widespread containment efforts. Much of the impact from COVID-19 claims deferral was felt in the first part of 2020."

She pointed out that a significant portion of medical spend, including inpatient and outpatient expenses generally covered under medical plans, has resumed given that employees heavily rely on employer-sponsored medical plans in some of the Asian countries. "The rise in medical costs also reflects the increased unit cost of care due to providers passing on the cost of personal protective equipment needed to safely perform services in their bills as well as the higher cost of supply imports due to exchange rate fluctuations," she said.

[TOP](#)



US: Homeowner insurance maintains growth – Asia Insurance Review

The COVID-19 pandemic and associated economic downturn have had little effect on US homeowner insurance business with loss activity largely unaffected by macroeconomic and health circumstances.

According to 'Homeowners ROE Outlook – November 2020', a new report from Aon, continued growth in US homeowner insurance premiums for 2020 is forecast with a stable prospective return on equity for insurers assuming normalised catastrophe losses.

The report revealed that direct written premiums for the homeowner insurance sector were projected to reach \$105bn in 2020 given prospective rate activity and documented growth through the second quarter – an increase on the \$104bn total recorded in 2019.

"Our analyses show that the prospective returns of the US homeowners sector remain stable. Looking ahead, and despite the economic headwinds we are currently experiencing, a host of support programs including loan forbearance, COVID premium assistance offered by insurers, and fiscal stimulus to the

owners of the homes and policies should help prevent premium contraction in 2020,” said Aon reinsurance solutions analytics head of Americas Greg Heerde.

[TOP](#)



Singapore: Life insurance industry shows signs of recovery - Asia Insurance Review

In 3Q2020, Singapore's life insurance industry recorded a notable 90.6% increase in new business premiums compared to 2Q2020 according to industry results published by the Life Insurance Association (LIA) Singapore for the period January 2020 to September 2020 (YTD 3Q2020). Total weighted premiums recorded in the third quarter reached S\$1.3bn (\$986m) which was a significant S\$629.5m more than the S\$695.1m recorded in the second quarter.

The increase in premiums is consistent with Singapore’s economic performance which saw the nation’s GDP grow by 7.9% in the third quarter compared to a contraction of 13.2% in the second quarter during the lockdown period. For YTD 3Q2020, the life insurance industry recorded a total of S\$2.99bn in weighted new business premiums, signifying a decline of 2% from the same period in 2019.

At the same time, sales of annual premium products recorded a 17% drop from the same period last year, amounting to S\$1.77bn in total weighted annual premiums. The downward trend is expected to continue for some time until Singapore’s economy strengthens. Cushioning the decreased uptake of annual premium policies, sales of single premium products recorded a 36% year-on-year increase in weighted premiums amounting to S\$1.21bn in total for YTD 3Q2020.

More short-term single premiums products were sold in tranches. These products are simple to understand and do not require medical underwriting. The current low interest rate environment is another factor behind why such products are popular with consumers, said LIA Singapore.

Commenting on the performance of the life insurance industry, LIA Singapore president Khor Hock Seng noted that life insurers are offering instalment-based payment of deferred premiums as well as proactively engaging policyholders to right-size their insurance plans to ensure sustainable premium payments in the future. “Barring evolving COVID-19 conditions in other countries, Singapore is moving towards a slow recovery and the life insurance industry remains committed to supporting the population in meeting and maintaining their protection needs,” he said.

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