भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

INSUNEWS

Weekly e-Newsletter

24th – 30th July 2021

Issue No. 2021/30

QUOTE OF THE WEEK

"When you are enthusiastic about what you do, you feel this positive energy. It's very simple."

Paulo Coelho

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Level Term Insurance

Level term insurance is a type of life insurance in which coverage is provided for a specific period of time, over the course of which the value of the death benefit and the price of the premiums do not change. This is an alternative to other types of life insurance where both premium prices and death benefit values can both change significantly over the course of the policy period.

Level term insurance commonly lasts for periods of either ten or twenty years; however, some policies do deviate from these lengths. Level term insurance is a good life insurance option for people who value the stability and predictability of unvarying benefits and premiums. It is, however, not the best option for policyholders who would prefer to make the face value of their policy increase with an investment component.

INSURANCE INDUSTRY

The untapped potential of Insurtech M&A (for distribution) in India - The Times of India - 28th July 2021

Insurtech has boosted innovation in insurance in fascinating ways – product offerings, services and data driven solutions across the value chain have benefited from Insurtech. Insurtech M&A through joint ventures between insurers and digital distribution platforms can further push the systemic reform towards digitalization in the Indian insurance sector. The Indian insurance sector presents a promising opportunity to insurers and to investors. India has the fastest growing insurance markets with roughly 75% of the population uninsured (compared to approx. 10% in the US).

While insurance penetration in India is below 4%, penetration of the internet in India is at 45%. Nearly half of the 1.37 billion people in India have access to the internet. Not surprisingly, India has an interesting line-up of tech-based unicorns and companies that have successfully created large digital distribution channels, such as Zomato, Oyo, Flipkart, Paytm – to name a few. The COVID-19 pandemic has changed the way we all buy and has provided a significant boost to online purchasing. The ease of 'click and buy' and the increased acceptability of buying online has also impacted the insurance sector and led to increased penetration of insurance coverage. Online insurance market in India is expected to grow to INR 220 Billion by 2024.

Insurance distribution in India through corporate agents (including e-commerce companies with corporate agency registrations) poses a few commercial limitations due to a cap on the amount that can be paid to the agents. An effective way to make distribution commercially viable is through an equity stake in the insurer itself (the model used by banks currently). This, complimented by the ability to provide sustained financial support may put certain e-commerce players/ digital distribution platforms in a favorable position to enter the insurance sector through strategic equity investments in insurance companies. Tech innovation already employed within e-commerce could provide a fillip to Insurtech offerings, given that both sectors are highly end-consumer oriented.

Bancassurance disrupted the insurance industry by allowing insurers to access an established and trusted distribution chain. The big new disruptor could very well be insurance-digital distribution JVs. Most insurers in India are joint ventures amongst foreign partners who contribute insurance expertise and Indian partners who contribute goodwill and distribution networks. Several such partnerships have been with Indian banks, with the ability to fund insurers and more importantly opportunity to provide bancassurance networks. The Reserve Bank of India (RBI) has been encouraging banks to mitigate their risk from insurance investments through divestment for a while now. In light of the uncertainties posed by COVID 19 and the increased regulatory pressure, there may be banks interested in offloading their insurance shareholding.

Private equity funds and financial investors invested in both insurance and digital distribution platforms/ e-commerce companies may be able to identify synergies amongst investee companies and facilitate collaborations that benefit players from both these sectors. The icing on the cake is the regulatory environment. The Insurance Regulatory and Development Authority of India (IRDAI) has been proactively addressing the need for development of Insurtech in India. The IRDAI has issued an enabling framework for sandboxes, guidelines on various aspects (such as cyber security, registration as an insurance self-network platform, electronic issuance of policies), that promote reliance on technology by insurers.

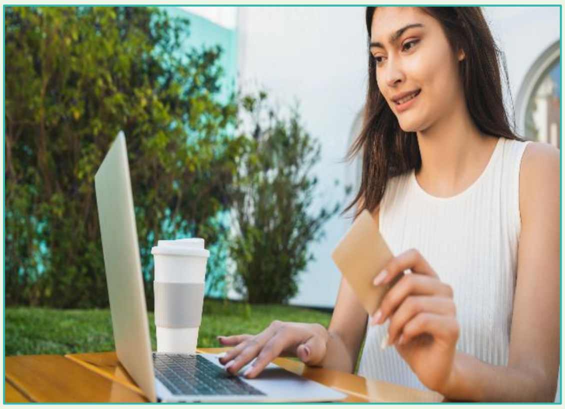
Insurance regulations encourage insurers to be self-reliant and to limit outsourcing of key functions. Any Insurance-digital distribution JV would need to be based on a finely crafted twill of roles and responsibilities of each partner. Before permitting entry in the insurance sector (through acquisition of shares of an insurer), the regulator requires parties to commit capital – the ability and appetite to provide sustained capital will be crucial in identifying suitable digital partners. Promoters / investors of e-commerce giants may find it easier to commit capital rather than operating entities.

The recent liberalization of the insurance sector enabling foreign investment of up to 74% (pending notification) opens several doors of opportunity for both strategic investors and financial investors interested in the insurance space. However, given that most Indian tech-unicorns are funded by non-resident investors, direct and indirect foreign shareholding will need to be taken into account while identifying suitable partners for an Insurance-digital distribution JV. Any cross-sector collaboration requires careful analysis of various factors and market forces. Insurtech M&A would also need to navigate through the complexities and challenges that innovations often pose.

(The writer is Roopal Kulsrestha.)

TOP

How millennials are forcing insurers to craft policies for them - The Economic Times – 28th July 2021



Living the moment and prioritising self and experiences, earning enough to be able to travel and see the world, millennials are modifying their life goals and changing the framework set by their parents. They are often poked fun at for being selfie-obsessed or having reduced all banter to LOL, but this generation has changed how industries operate.

But why are industries transforming themselves for Generation Y?

"Millennials are the new-age customers for the insurance industry. They understand the need for insurance and have an outlook of 'Earn more, spend more'. Hence for millennials, insurance will always be a part of their financial planning considering their higher risk-taking disposition," said T A Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance. Millennials have forced the insurance industry to rethink its approach as well as its products. They have them marathoning and twisting their strategies to experiment and innovate so that this section of the customers validates them.

“Millennials prefer short-term investment plans that enable them to live their dreams such as travelling and seeing the world,” said Karthik Raman, Chief Marketing Officer and Head - Products, Ageas Federal Life Insurance. They don’t just want hollow promises but products that respect their decision of saving time and efforts when that is a clear possibility.

Insurers crafting policies for millennials

Millennials form about 46% of India’s workforce and if the needs of almost half of the target group are evolving, products also have to. Being a wind of change and disrupting traditional insurance products as well as the distribution channels, these ‘digital natives’ aren’t enthused by the old and hackneyed ways of selling. The insurance industry will have to adapt and evolve to fit comfortably in the millennial worldview.

“Millennials will be the next set of policyholders in the years to follow and hence product requirements will be designed suiting their needs. Digitalization is the way forward to attract this new segment of customers who understand the need, product offerings, and ease of transaction,” said T A Ramalingam of Bajaj Allianz General Insurance. HDFC Ergo’s recent survey states that in 2019 only 37% in the late 20s and early 30s age group had a health plan, but now 60% want a comprehensive one.

Changing consumer behaviour

The Covid pandemic has brought an increased number of millennials under the health insurance umbrella. With high hospital bills and rising financial drain, millennials have increased their safety net of term policies from just Rs 15-20 lakh to Rs 50 lakh in the last five years, according to Policybazaar data. “Younger millennials have shown a stronger growth compared to their older counterparts over the last five years. In line with their increased need for protection, term insurance has shown higher traction,” said Vishal Subharwal, Head - Marketing, Digital Business & E-commerce, HDFC Life.

With the pandemic driving home the need for a safety net, they are now prioritising a bigger coverage for themselves and their families. “The pandemic has raised the keenness of this segment to purchase insurance, especially in health and property insurance.” T A Ramalingam of Bajaj Allianz General Insurance told ETBFSI.

Millennials’ slice of data for insurers

The millennial generation wears a Fitbit to track calories burnt, shares personal details in trade-off with convenience and speed. So they are willing to share their data with insurance companies to get customised products and personalised advice. For them, it’s a give and take relationship, they are willing to share data with companies providing better deals and experience.

“Since millennials do not like longer commitments, we have designed our products with shorter premium paying term options as well as shorter investment horizons. We also see that many millennials are still dependent on their parents or mentors for financial advice, hence, they tend to prefer simple products with easy-to-understand features,” said Karthik Raman of Ageas Federal Life Insurance.

Insurance companies are leveraging the willingness of millennials to share their data to create better financial products that are relevant to them. Making products more accessible and easy to comprehend will boost demand. Providing features like booking doctor’s appointments online or delivering policies and claim renewals right into their inbox, solutions can be furnished to them via tech, thus driving higher engagement.

“Data has been an enabler in that space for marketing, underwriting & risk management. One of the key findings is that millennials are looking for increased transparency and simplification from brands in the life insurance category,” said Vishal Subharwal of HDFC Life.

Insurers changing distribution channels for millennials

Millennials or Gen Y are all about speed, hence insurers are redesigning their UI and UX to serve the generation better even though insurance was always a push product or a product where human touch was needed. “We have multichannel distribution - both traditional as well as non-traditional channels, which ensures that we can connect with millennials via the channels that they prefer the most." Vishal Subharwal told ETBFSI.

Having greater visibility on the web and facilitating a seamless experience on the app isn't just in the to-do list of e-retailers or tech companies anymore but each industry that wants to continue existing in the changing market needs to up its social and digital game. However, a report by Accenture brings to light how a human touch is imperative to sell insurance products. About 49% of respondents to the survey placed their trust in a human advisor while making a claim. Thus, strengthening the insurance industry digitally and making the agents aware of different digital tools will stimulate demand as well as consumers' trust.

Insuring the future with InsurTech

The 2021 S&P Global Market Intelligence data reported India to be the second-largest insurance-technology market in Asia-Pacific. With a huge market, insurance companies are capturing customers with the aid of technology. With an API revolution, insurance bundles are being created and sold via POS machines by health companies and health-related features are offered by insurance companies; different businesses are interconnecting their services to reach a wider set of consumers. Many InsurTech companies have started accepting digital payments and not just cheques. They have introduced faster claim disbursals and better identification of fraudulent claims. Technology is changing the way we look at insurance.

(The writer is Tarika Sethia.)

TOP

LIFE INSURANCE

Life Insurance: Data analytics for customised solutions – Financial Express – 30th July 2021

There is no denying the pandemic has been a true catalyst of transformation in every sense—economic, societal, and personal. For all the uncertainty it posed, it is clear already the future is digital. The scale and speed of digital transformation witnessed globally has proved that digital journey is not a destination, but an evolution. There are two questions that businesses should always be asking: Are customers demanding more from the business? How can you unlock higher value with a more digitally agile operating model?

The insurance industry is growing at a steady pace accelerated by a rise in awareness and subsequent demand. But this growth is also fueled by significant investments in delivering end-to-end digital customer experiences, flexible products, and most importantly, radical customer obsession seeped into every single process.

Data leads to innovation

The evolution of experience stems from the intelligent use of data insights and analytics to inform decision-making. Access to data can help firms reach customers more efficiently. Using improved analytics skills and Artificial Intelligence (AI)-based customer modelling can be developed and deployed across various customer life stages. This can help gain a thorough understanding of the customer pulse. An example of this is using data analytics with an existing customer database to create pre-defined personas with less documentation. Queries on life insurance policies types, personal details, work experience, and past life insurance experience can help develop potent ground to innovate and rethink the policy approaches.

Digitally harness the power of flexibility

Insurance often faces the argument that there is relatively less scope of personalisation as compared with other goods. Customers acquire their insurance, often through an agent or broker, with the products being very similar to each other. Instead of a one-size-fits-all strategy, insurers must use the digital insurance process to offer customised insurance solutions. I believe we have changed the conversation with today's customer moving away from 'why insurance' to a 'which insurance' mindset, and one needs to address the question with on-demand, all-in-one lifestyle solutions, personalised basis usage-based telematics that offer relevant, flexible offerings.

Specially attuned to the organic needs of the millennial customers for whom customised offerings are an absolute ask, insurers will have to become digitally adept and offer solutions that are relevant to their specific life stages and savings-cum-protection asks. Another great way to ensure that the right consumer need is addressed with the right solution is to bring creative startups into areas of play that can help with co-innovation.

Invest in more effective servicing

Today's consumers do not shy away from changing brand loyalties if a company doesn't actively anticipate or address their wants. The value at stake is significant. The fundamental challenge many companies face is getting the organisation moving, and moving at speed to ensure proactive improvements in redesigning customer journeys. Agility can be the key, and now every lever needs to be perfectly in place to roll out enhancements, plan for continuous rounds of improvements, always searching for better efficiency and speed. In the end, remember that every interaction with the customer is a way to live up to your promise. Think of your customer experience as a continuous journey, technology as accelerators, and transformation as a fundamental opportunity.

(The writer is Prashant Tripathy.)

TOP

Free term life covers with SIPs proving costly for mutual funds - The Economic Times – 28th July 2021

Mutual funds offering free term life insurance along with investments in their schemes are having second thoughts about continuing with this facility as unexpectedly high claims in the wake of Covid-19 have made it unviable to extend this benefit. ICICI Prudential Mutual Fund and Aditya Birla Sun Life MF have put on hold this facility for investors making fresh investments through systematic investment plans. Existing investors, who opted for this facility, will continue getting its benefits. Two other fund houses Nippon India and PGIM India are yet to scrap this facility. Both the fund houses, however, did not offer this facility for two newly launched schemes — Nippon India Flexicap Fund and PGIM India Small Cap. ICICI Prudential Flexicap Fund, which was launched recently, also did not offer insurance. Only four fund houses in the industry have attached this feature with their products. "Increased cost of group term insurance post Covid-19, higher claims and reluctance to offer term insurance based on self-declaration by individuals have led to this decision," said the product manager at a domestic fund house.

Group term insurance costs have gone up after Covid-19, which has prompted many companies to raise premiums. This has increased the costs of insurance for fund houses. This facility was offered by the fund houses to encourage investors to continue with their SIPs for a longer period. Typically, an investor doing a SIP in an equity scheme gets an insurance cover of 10 times the monthly instalment in the first year. This rises to 50 times in second and 100 times in the third year. The maximum cover that an investor gets is ₹50 lakh across all schemes. The group term insurance cover is provided by the group's sister company and the AMC is the master policyholder. This insurance coverage was offered across select equity-oriented mutual fund schemes to investors aged below 51 at the time of first investment. There is no additional exit load applicable for investors who have opted for SIP Plus investment other than the exit load as applicable to the mutual fund scheme. Financial planners said investors must buy a life cover separately rather than rely on deal packages like what mutual funds offered. "Free insurance with SIP should be treated as an add-on benefit. Once you have separate insurance, you can stop the SIP or redeem the scheme based on its performance, without worrying about insurance benefits," said Viral Bhatt, founder, Money Mantra.

(The writer is Prashant Mahesh.)

[TOP]

Top life insurance mistakes even smart people make - Financial Express – 27th July 2021

You might be financially savvy, but chances are you are still making bad decisions. From budgeting missteps and impulse purchases to inadequate contingency planning and much more, nobody is immune to financial faux pas. It is not wrong to make mistakes. A process of self-discovery and learning is often the best way to learn financial management that best suits you.

However, life insurance is one instrument that leaves little room for mistakes, as the brunt of it is often felt by your dependents. As a risk management tool, life insurance seeks to secure the financial interests of your loved ones in your absence and therefore, it is absolutely critical to avoid any mistakes, big or small. So, what are the common mistakes and how can you avoid them to make a fool-proof purchase? Let's take a look:

Not buying a term insurance
People lay a higher emphasis on multiplying their money and often end up buying life insurance solutions for wealth accumulation and investments. They avoid buying a term plan, equipped with excuses like the existing investment-linked insurance products offer a life cover or that they have created enough corpus through other instruments.

However, what most people don't realise is that the fundamental objective of a term plan is to facilitate economic continuity for your family without disrupting their financial stability. Your investments are often linked to certain goals like child's education, retirement, etc. One rarely creates a corpus with the objective of economic continuity for their family. So, if you have dependents, a term plan is not optional.

Not an all-in-one solution:
Life insurance is a long-term solution, wherein the policyholder rarely sees its tangible benefits as it is bought for your dependents. This absence of immediate gratification leads to people seeking 'more' when buying life insurance. A recurring mistake that people make is linking several goals in one solution, leading to inadequate financial provisioning. It is critical to remember that life insurance protects critical life stage-linked financial needs. So, resist the temptation to treat a single purchase as an all-in-one solution for it can derail your quality of life in the future.

Lack of full disclosure
Making incomplete disclosures is perhaps the silliest, yet the biggest mistake smart people make. They tend to believe they know what should and shouldn't be disclosed when buying a life insurance policy. A critical part of the buying process is thorough underwriting (financial and medical) to assess the individual's risk profile and needs. In the quest to prevent an increase in premium, people don't make complete disclosures. Such mistakes can lead to claims being declined by the insurer, defeating the purpose of the purchase altogether.

An uninformed family

The biggest blunder of all is not keeping your dependents informed regarding your financial decisions. The core purpose of buying life insurance cannot be fulfilled if your dependents aren't aware regarding the details of your policy.

Reviewing cover regularly

Considering life insurance is a long-term solution, people often believe that once purchased, your objective has been fulfilled. However, as you progress through your life stages, the financial compulsions of your life change. So, it is critical to review your life cover at least once every year.

Comparing instruments

Among the chief mistakes smart people make is drawing comparisons between insurance and other financial products. For instance, a Fixed Deposit is often compared with a guaranteed insurance plan. However, FDs and guaranteed plans serve a different purpose – one is a savings product and the other offers a wealth accumulation solution. Similarly, a Ulip is often compared with an SIP. Not only are those two not comparable, they serve different purposes and have their pros and cons.

Every financial decision has a purpose and in case of a life insurance, the objective is simple – securing the dreams and aspirations of your family. To avoid any silly mistakes, ask yourself one question – how can I facilitate financial continuity for my family in a hassle-free manner? When you answer that question, everything else will fall into place.

(The writer is Anup Seth.)

TOP

GENERAL INSURANCE

Changes to DICGC Act: Deposit insurance cover gets stronger - Financial Express – 29th July 2021

In a relief to depositors of stressed banks, the Cabinet on Wednesday cleared amendments to the Deposit Insurance Credit Guarantee Corporation (DICGC) Act, which will enable customers to have access to their deposits up to Rs 5 lakh within just 90 days, if their banks go bust and are placed under moratorium. The Cabinet also approved amendments to the limited liability partnership (LLP) Act to decriminalise a dozen offences and enable such entities to enjoy the same benefits as large companies—a decision that is expected to help hundreds of start-ups, among others.

Briefing reporters, finance and corporate affairs minister Nirmala Sitharaman said the DICGC (amendment) Bill will cover 98.3% of depositors and 50.9% of deposit value in the banking system, way above the global level of 80% and 20-30%, respectively. There were instances when 8-10 years used to lapse until a customer of a fallen bank could finally lay their hands on the insured deposit amount, that too, only after the bank's liquidation, the minister said. The Bill will be presented in the current session of Parliament for clearance, she added. It will cover all types of banks, which also include regional rural banks and co-operative banks.

Last year, the government had raised the limit of bank deposits insured under the DICGC Act to Rs 5 lakh from Rs 1 lakh. The move came after Punjab and Maharashtra Co-operative (PMC) Bank faced a grave fraud. Subsequently, Yes Bank and Lakshmi Vilas Bank, too, came under stress, leading to their restructuring. FE had reported on March 15 that the government was considering assured access to deposits in 90 days. Once cleared by Parliament, the Bill will help especially small depositors meet urgent financial exigencies.

The DICGC is a wholly-owned arm of the Reserve Bank of India (RBI), which offers deposit insurance. It insures deposit accounts, such as savings, current, recurring, and fixed deposits up to a limit of Rs 5 lakh per account holder of a bank. If a customer's deposit amount crosses Rs 5 lakh in a single bank, only up to Rs 5 lakh, including the principal and interest, will be paid by the DICGC if the bank turns bankrupt.

The government had kept the deposit cover unchanged at Rs 1 lakh since May 1993, when it was raised from Rs 30,000 after the security scam in 1992 had led to the liquidation of Bank of Karad in Maharashtra. The hike then was aimed at placating angry and concerned depositors of this private bank so that a run on even other banks could be avoided. Before the hike in the limit last year, deposit insurance covered about 92% of the total number of accounts in India but only 28% of the total deposits with the banking system.

The Cabinet has also cleared a proposal to expand the definition of a small LLP. Such entities with contributions (from partners) up to Rs 5 crore and annual turnover up to Rs 50 crore will be categorised as small LLPs; earlier, these limits were set at Rs 25 lakh and Rs 40 lakh, respectively. As for decriminalising certain offences, once the LLP (amendment) Bill is cleared by Parliament, only 22 penal provisions, seven compoundable offences and non-compoundable offences will remain.

Sitharaman said: "Between large companies that are well-regulated and small proprietorships, LLPs did not have benefit of either simplified regulation or ease of practice under proprietorship. With Wednesday's Cabinet decision, we are bridging the gap and making LLPs more attractive, easy to handle." The corporate affairs ministry has said that the objective of this move is to remove criminality of offences from business laws where no mala-fide intentions are involved. The Cabinet also approved a memorandum of understanding (MoU) signed between the Gandhinagar-based International Institute of Financial Services Centres Authority (IIFCA) and the International Organization of Securities Commissions and International Association of Insurance Supervisors, which is one of the biggest multilateral forums with 124 signatories.

TOP

Union Cabinet paves the way for privatisation of govt-owned insurers - Business Standard – 29th July 2021

The Union Cabinet has approved amendments to the General Insurance Business (Nationalisation) Act, paving the way for privatisation of government-owned insurers. The amendments, approved by Cabinet, will remove the clause for the Centre to hold at least 51 per cent in public sector insurance companies at any given time. It will also have an enabling provision for the transfer of management control from the government to the potential buyer of the public sector insurance company.

The finance ministry will move amendments to the insurance Act in the ongoing Parliament session. This will open the door to privatisation of a public sector insurer. The Department of Investment and Public Asset Management will lay the groundwork, informed an official. Since the government has already increased foreign direct investment in the insurance sector to 74 per cent, overseas investors can also pick up stake in a government-owned insurer up to that ceiling, he added. In Union Budget 2021-22, Finance Minister Nirmala Sitharaman had announced that the government would privatise one general insurance company, along with two public sector banks.

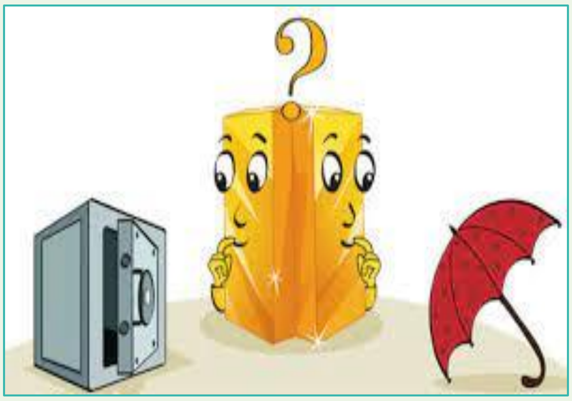
The NITI Aayog is learnt to have recommended United India Insurance Company as one of the potential candidates for privatisation, Business Standard had earlier reported. The policy think tank has suggested that the public sector insurer be considered for privatisation in the banking, insurance, and financial services sector, which has been classified 'strategic' in the new public sector enterprises policy for an Atmanirbhar Bharat. The consultations within the government also include privatisation of other insurance companies - National Insurance Company and Oriental India Insurance.

The exercise for short-listing the right candidate for privatisation is simultaneously on, and the target is to privatise one insurer in the ongoing fiscal year, as announced in the Budget, the official quoted earlier said. A public sector insurer will be finalised for privatisation only after amendments are approved by Parliament. The alternative mechanism will see Finance Minister Nirmala Sitharaman and Road Transport and Highways Minister Nitin Gadkari, among others, first approving the candidate for privatisation. The proposal will then be placed before the Cabinet Committee on Economic Affairs, chaired by Prime Minister Narendra Modi.

(The writer is Nikunj Ohri.)

TOP

Have jewellery in locker? Buy insurance as bank is not liable for any loss – Yahoo - 26th July 2021



Bank lockers have emerged as the most popular medium to store valuable goods like jewellery. They are considered to be the safest place to store valuable jewellery, important documents and other precious items. Banks charge anything between Rs 1,000 and Rs 10,000 to operate such lockers. In some cases, these charges are waived off if you place a fixed deposit with the bank.

Lockers are considered a better option than home safes because banks take necessary action to safeguard your valuables, like a secure infrastructure at the strong room, restricted and CCTV-monitored entry and exit, security guards, electronic surveillance, etc. Once you keep jewellery with the bank in a locker you sleep without any worry of loss. However, god forbid if something goes amiss — like an accident, burglary, infidelity of staff, loss to the strong room due to any act of terrorism or natural calamity, you may lose your valuables.

Now here comes the shocker!

As per the Reserve Bank of India's guidelines mentioned in the year 2017, 'banks have no liability for loss of valuables in lockers'. It clearly states that during any mishap like bank robbery, sudden fire or any natural calamity banks are not liable to pay their customers any compensation. The locker agreement itself does not mention any liability payment. Therefore, it is the sole responsibility of the customers to take care of their valuable items and they would have to bear such loss.

Not surprising if you go, 'what the hell'! But think about it from a bank's perspective. Do you inform the bank what you have kept inside the locker? The answer is 'no'. There could be some unscrupulous elements who may claim they have kept a fortune inside their lockers while they might not have kept anything of value. How does the bank verify this? It could face significant claims. Further, if the bank starts documenting and asking people to disclose their belongings kept in lockers, it hampers privacy. Many customers would be hesitant to make such declarations due to the fear of income tax, etc authorities.

It would also increase the bank's costs, as even if customers agree to declare what they have kept inside lockers, its staff would need to vet it and take the help of valuers to ascertain the worth of jewellery (22 carat/24 carat, etc.)

So what is the option before customers?

Well, they can opt for an insurance policy to cover unexpected losses and mitigate this risk. Banks do not provide any locker insurance to their customers. Some private players can help customers with such insurance policies. Such Bank Locker Protector Policies protect the customer from losses in the contents of a bank locker such as jewellery and other valuables. These policies also have add-on covers to insure important documents kept in a bank locker.

The policy covers loss or damage of the contents of bank locker in the event of accidents, burglaries, holdups, infidelity of bank staff, acts of terrorism. It can also cover at an additional premium: share and stock certificates, deposit receipts, insurance policies, title deeds, plans & manuscripts, passport and other personal records and certificates.

The Gold insurance policy offers a sum insured from Rs 2 lakh to Rs 50 lakh and above. The premium charges of the insurance covers depends on the amount of gold you want to keep inside the locker. The premium charges are also nominal. For an insured sum of Rs 10 lakh of valuables, the premium is likely to be around Rs 1,000 plus GST in a city like Mumbai. If due to the negligence of banks and their officials, a customer suffers loss of valuable items inside the locker, then it is the duty of the bank to pay the compensation.

If the bank refuses to pay the compensation, then the customer can approach the National Consumer Redressal Commission). However, this is a long and difficult process. Early this year, the Supreme Court directed the Reserve Bank to lay down regulations within six months mandating the steps to be taken by banks with respect to locker facility management.

The court held that banks cannot wash their hands of their responsibilities towards customers operating lockers. The court made these observations on an appeal filed by a Kolkata native, Amitabha Dasgupta, against an order of the National Consumer Disputes Redressal Commission.

The RBI has another month or so to finalise the same. Do watch out for this judgement as well. However, the court may fix liability only in case of negligence by banks. A blanket liability is not possible due to practical considerations and reasons mentioned above. To sum up, banks are still safe to keep your gold, but be aware of the risks of keeping your valuable items in lockers. You can mitigate the risks by buying insurance.

(The writer is Amitabh Tiwari.)

TOP

Centre to scrap 51% holding clause to privatise insurer – The Times of India – 26th July 2021

The government is ready with a proposal to amend insurance laws to privatise one of the three unlisted general insurance companies. The draft Bill, which has been sent for approval by the Union Cabinet before introducing it in Parliament, seeks to remove the 51 percent floor on government holding, official sources said. Foreign investors will be able to hold up to 74 percent in the divested general insurance firm subject to Indian management and control, government sources said, while ruling out any plan to sell New India Assurance or GIC.

While NITI Aayog has suggested the name of at least one general insurer to be privatised, sources said, a decision on which one of the three — United India, National or Oriental Insurance — will be privatised is yet to be taken. The name has been shared with the Department of Investment and Public Asset Management and will be recommended by a panel of secretaries with ministerial panel taking a call on it before it is endorsed by the Union Cabinet.

The sources indicated that the process of finalisation will take place after the Bill is cleared by Parliament. The government is hoping for its passage later in the year, paving the way for privatisation of India's first insurance company sometime next year. In the Budget, finance minister Nirmala Sitharaman had announced the privatisation of one general insurance company and two public sector banks, for which the process is yet to commence.

The Finance Ministry is planning to amend the banking laws for the sale of the two state-run lenders later this year and the Bill to amend the Bank Nationalisation Act will draw upon some of the features of the General Insurance Business (Nationalisation) Act. As reported first by TOI on June 7, NITI Aayog has identified Central Bank of India and Bank of Maharashtra for privatisation.

Government sources said that work has already begun on the listing of Life Insurance Corporation (LIC) later in the financial year with the valuation exercise underway. The valuation will help the government decide on the size of the issue, which will also be based on the feedback it receives during roadshows in the coming months.

"Depending on the investor appetite and what the merchant bankers say, we will decide on the extent of share sale," said an officer. Given the high valuation for the insurance behemoth, the issue size may be limited to 10% or so, the sources indicated. Last week, the cabinet had cleared the LIC public offer.

(The writer is Siddhartha.)

TOP

Relaunch PMAY with inbuilt credit-linked insurance: CII - The Hindu Business Line – 25th July 2021

In a bid to ensure the continuous success of the Pradhan Mantri Awas Yojana (PMAY) scheme, the CII has suggested that the government must consider its relaunch, with an in-built credit-linked insurance cover for loans that utilise the benefits of the scheme. This will ensure that in all circumstances the intended benefit of the scheme of 'Housing for All' is fulfilled, and families are able to retain their dream home.

Shortcoming of PMAY
Launched in 2015, the PMAY is an ambitious mission of the government, aimed at 'Housing for All', as India completes 75 years of Independence by 2022. The scheme, however, falls short of covering the risk of death or disability of the borrower, as the loans sanctioned under the scheme do not have an in-built insurance provision. "There is a need for a relaunch of the PMAY scheme with an in-built credit linked insurance or a mandatory life insurance for all borrowers under the PMAY scheme to ensure that the intent of providing 'Housing for All' does not take a hit due to death or disability of the primary borrower. The family should inherit a home not a loan," said Chandrajit Banerjee, Director General, CII.

Now, with the pandemic hitting lives and livelihood of Indian citizens hard and with increased mortality rate, the importance of protection to families becomes paramount, as all sections of society struggle to meet medical costs, unemployment, inflationary pressures. With an in-built insurance cover in the PMAY loans, the inherent lacuna of risk-protection can be plugged with minimum additional disruptions, he added. The scheme could have standard premium rates, which could be utilised by any insurer to offer the credit cover with their partner banks. The in-built level cover equal to the loan amount could be taken at by the borrower at the inception.

As per the current version of the scheme, banks or lenders are partially protected as the property is mortgaged with them; however, the family is left to pay the loan or lose the home. This also means that the intended long-term benefit of the scheme is not fully utilised and, instead of providing housing for all, the bereaved families may not have a house and may slide further down the economic ladder, while lenders/ banks may be left behind with NPAs.

TOP

98% of bank accounts are fully covered - The Hindu Business Line – 24th July 2021

With the government slated to table the Deposit Insurance and Credit Guarantee Corporation (Amendment) Bill, 2021 in Parliament in the ongoing Monsoon session, data show that 98.1 per cent of the total number of deposit accounts are fully protected. Claims settlement time is also much faster compared to 2018-19, but it can be improved further.

The DICGC scheme is aimed at customer protection and insures deposits of upto Rs. 5 lakh in each account with banks. According to data with the Reserve Bank of India, insured deposits of banks amounted to Rs. 76,21,258 crore as of end-March 2021 constituting 50.9 per cent of total assessable deposits at Rs. 1,49,67,776 crore.

This is approximately at the same level as 2019-20, when the total amount of assessable deposits was Rs. 1,34,88,900 crore, of which 50.9 per cent were protected. In terms of fully protected accounts, 98.3 per cent of the 2,35,000 bank accounts as on March 31, 2020 were protected, data with the Deposit Insurance and Credit Guarantee Corporation (DICGC) reveals.

Deposit insurance
The government had in February 2020 raised the limit of insurance cover for depositors in insured banks from Rs. 1 lakh to Rs. 5 lakh per depositor, which meant that a lot more of the savings of account holders were protected. With the Rs. 1 lakh cap, just 92 per cent of the accounts were fully protected and 27.4 per cent of the assessable deposits were covered.

New Bill
The new Bill, announced by Finance Minister Nirmala Sitharaman in the Budget 2021-22, aims to enable easy and time-bound access for depositors to their hard-earned money. This would allow depositors to access their savings through deposit insurance in a time-bound manner in case there is suspension of banking business of the insured bank. According to the annual report of the DICGC, it took an average 508 days between de-registration of a bank and claims settlement in 2019-20 as against 1,425 days in 2018-19.

However, it took 11 days between receipt of a claim at DICGC and settlement in both these years. The RBI's Financial Stability Report for July 2021 reveals that the DICGC processed claims amounting to Rs. 993 crore during 2020-21, with a view to ensuring payment to insured depositors of liquidated banks under the prevailing pandemic situation. "Of this, Rs. 564 crore pertained to nine co-operative banks," the FSR said. The coverage available to depositors of scheduled commercial banks and urban cooperative banks stood at 49.6 per cent and 69.4 per cent, respectively. During April, Rs. 330 crore was settled in case of one cooperative bank.

(The writer is Surabhi.)

TOP

Trade credit insurance demand up 30% in April-June quarter – The Times of India – 24th July 2021

Demand for trade credit insurance is up 30 percent Y-o-Y in the April-June quarter 2021, as more businesses fear payment risks resulting from delays and credit crunch caused due to Covid pandemic and resultant shutdowns. At Tata AIG, requests for business proposals and quotes have seen a sharp surge from one or two per day to five to 10 proposals per day. Its associate VP of Trade Credit & Political Risk, Amol Thakur said, "Most of the queries are formed on the back of businesses experiencing both delay and default in payments. Interestingly, there is a growing demand for trade credit insurance from MSMEs, with about Rs 5 crore turnover.

Even have provided coverage on their entire receivables for large IT companies and even FMCG giants in the country.” Trade Credit Insurance is a risk management tool that covers the payment risk resulting from the delivery of goods or services. Currently, companies want insurers to customize policies which cover catastrophic losses Rs 5 crore to Rs 10 crore, unlike the range of Rs 5-Rs 50 lakh reported in the pre-Covid times, Thakur added. The premium could be in the range of Rs 5-Rs 10 lakh and over Rs 1 crore. For HDFC Ergo, it saw a 30 percent growth in premium collection between Q1FY2020 and Q12021, from across sectors with premium cost ranging between 1 percent to 5 percent of the sum assured. Anurag Rastogi, president – chief actuary & chief underwriting officer, at HDFC ERGO General Insurance, said, “Unlike the pre-Covid period in 2019, now any delay in payment of goods and services is reported as loss, as business owners fear uncertainty around State-imposed lockdowns and business disruption.”

(The writer is Mamtha Asokan.)

TOP

HEALTH INSURANCE

Here's how to determine the appropriate health cover for your needs - The Telegraph – 29th July 2021

The present COVID-19 crisis has alerted the entire world about the reality that medical emergencies are unexpected and can create severe financial turmoil. Furthermore, with growing healthcare costs, access to appropriate medical facilities and hospitalization charges might be monetarily challenging. As a result, acquiring health cover for yourself and your loved ones can give the extra security you require to make it through trying times. Everyone needs health insurance to support their loved ones financially and emotionally. However, every individual has different kinds of needs when it comes to health cover. Most health insurance companies have upgraded their policies to suit the changing demands of the population.

Thus, one can obtain a tailored plan that fits their needs and affordability. In addition, one must never forget that health cover plays a vital role while choosing a policy. The coverage provided by the chosen health insurance plan should be able to cover all the financial necessities.

Determining The Appropriate Health Cover For Your Unique Needs

Choosing the right coverage can be an overwhelming task. One should keep in mind certain things while selecting the right health cover for them and their family. Always check the plan documents for relevant details. Besides, one can always call the insurance company directly or visit their website to find more details.

Looking For The Right Coverage

One must always choose a health plan that secures against a wide range of health conditions. The plan must provide coverage to pre- and post-hospitalization transportation day-care expenses that may incur. To choose the right health cover, certain factors should be taken into consideration.

Size Of The Family

When you are purchasing family health insurance, considering members of the family is a must. One must always consider factors such as

- Number of kids present and expected in the future.
- Senior citizens.
- Health conditions.
- Other insurance plans.

All these factors give a rough idea of how much health cover one should opt for. When the family has other insurance plans, then the need for getting a specific health cover changes. So, one should prepare a list of all existing policies to get a clear idea.

Assets And Liabilities

Assets and liabilities change the financial needs of a family. So, one must prepare a list of all the assets and liabilities to get a clear view of the health cover. It helps ensure that you fulfil all your obligations expertly, while ensuring you get the right treatment for yourself without having to compromise on the quality of health care. Besides, did you know that health insurance policies enable tax exemptions according to Income Tax Act? Yes, it does. So, when you invest in a health insurance plan, you also get to enjoy tax benefits.

Comparing Several Plans

Before proceeding further, one should always compare several plans available to get an exact idea of which one suits their needs the best.

Riders

All the health insurance plans come with an additional rider facility. They help to increase the coverage of the policy. Since these riders come with additional costs, one must always choose the riders that are needed.

Options of Family And Individual Plans

When buying a Health Insurance plan, family plans offer good cover and suit your pocket. It is advisable to purchase a reasonably priced cover in the beginning, to ensure that the family is well covered and within budget. One can always upgrade the policy depending on the changing demands. Alternatively, if one wants to comprehensively secure themselves against medical emergencies, then they can also opt for individual health covers.

Provider Network

One must always confirm that the plan they choose is associated with the hospital they prefer. It is crucial to remember that services and medicines get covered under the plan only in the in-network hospitals. In many cases, when it comes to network hospitals, one mostly has to pay out of their own pockets and opt for a reimbursement. So, it is recommended that you opt for a health insurance plan that has a good list of network hospitals for primary care near to where you live.

Premium Payment Options

Premium is the amount one pays for the policy. Generally, premiums are paid monthly, but there are also options to make premium payments on a quarterly, half-yearly and annual basis. Apart from the coverage, the premium also plays a vital role in a plan selection. One must always choose a plan with the premium fitting their budget. These factors may help you in deciding the right health cover for yourself and your family. Additionally, one can also use an insurance calculator, which is a tool that can be used to calculate the ideal health cover and the premiums for the same.

While you are at it, you can explore health insurance plans from reputable insurance providers such as Care Health Insurance. They provide extensive health cover, ensuring you get the medical care you deserve. You can explore their website or contact them to find more details on their health insurance plans.

TOP

Importance of timely re-evaluation of family health insurance plan – Outlook - 26th July 2021

It is an undisputed fact that health insurance is a must-have investment; more so today than ever before. Health-related distress from the premature occurrence of lifestyle diseases and critical illnesses as well as unprecedented viral outbreaks have reinforced the importance of being and remaining protected, to safeguard the health and finances of our loved ones, by health insurance.

Merely purchasing a family floater health insurance policy isn't sufficient. Our family dynamics alter significantly over time. Given this natural progression of life, our family's medical needs also undergo substantial changes. Besides, there could be instances in which you are dissatisfied with your ongoing policy and would like to explore better options. As a result, we must periodically reconsider the attributes and benefits offered by our health insurance plans to ensure sufficient and extensive long-term coverage.

Benefits of timely revaluation -
Ample Coverage Vide Sum Insured: Revisit the sum insured amount of your health insurance plan at critical milestones of life. This will guarantee sufficient coverage for all members of the family according to revised medical requirements.

Comprehensive Coverage: Typically, health insurance plans have categories of coverage that are enhanced as you opt for the higher variant. Increasing the sum insured of your health insurance policy could, therefore, enable you to get wider coverage for more medical conditions.

Affordability: Re-evaluating your health insurance plan could also lead to comparison with alternatives that offer the same or better features at a lower premium.

Better Benefits: A better substitute health insurance policy could offer you more bang for your buck via features such as no-claim bonus, reinstatement benefit, and family discounts.

Just as with any other long-term financial investment, health insurance requires frequent assessment to consider the growing and changing needs of your family members.

(The writer is Nayan Goswami.)

TOP

Comprehensive health support system – need of the hour for senior citizens in India - The Indian Express – 26th July 2021

With the onset of COVID 19, the last one year has changed our perceptions and mindset about health, especially the health and well-being of our near and dear ones. The pandemic has changed the way we look at wellness and has pushed us to strive to be a healthy version of ourselves. The rising medical costs have just added to our woes and pushed us to face the harsh reality of our financial unpreparedness, especially in the face of an unpredictable medical crisis.

The routine pattern of savings and investments have got disrupted, leading to reallocation of funds and reprioritising between current priorities and future disruptions. This disruption in life is playing havoc on people's mental wellbeing with anxiety and stress levels being at their peak. Travel restrictions imposed have elevated the risk but have also instilled the fear of missing out, especially for those adult children living as a nuclear family away from parents. These adult children never stop worrying about the health and wellbeing of elders in the family. And the geographical distance between most parents and children has increased the worry for most in these Covid times. In general, we have always either depended on the support of full-time house-helps, or neighbours for keeping an eye on our elderly parents. This unfortunate situation in the last one year has made us realise the lack of an existing health care ecosystem or a support system that we can depend on for our parents.

The India Parental Care survey, done by Aditya Birla Health Insurance in 2019, showed that 86 per cent of Indian children feel concerned towards their parents' well-being and 60 per cent of children shared that their parents do not take adequate effort to keep themselves fit. The survey brought to fore the needs that have emerged from changing lifestyle, modern parent-children relationship and the gap that exists in parental care and the support children require to address their concerns.

This is where the health insurance industry can play a larger role in the lives of their customers and turn themselves into more of a health first insurance company than a sickness insurance company. I believe that by engaging with customers in this manner, we can create a more lasting and meaningful relationship with them. Such engagements will enable a health insurance company to help customers manage their health and be relevant in their day-to-day lives and not just in situations of a health crisis. We can do that by having a much larger coverage range that includes primary care, preventive care, and promotive care, apart from just secondary and tertiary care which is where the traditional focus was.

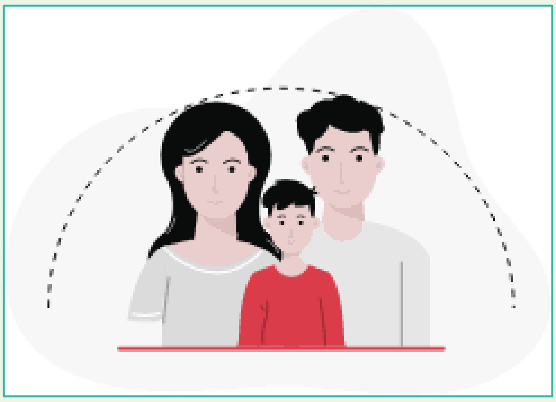
With a lot of youngsters staying away from parents due to career reasons, there is a constant sense of concern and stress about their parents' health. It is therefore crucial and the need of the hour to shift the focus from reactive care to proactive and holistic care. Proactive care will provide senior citizens with the essential support system they require in all three phases of their health journey, i.e. when they are healthy, when they are being treated and during recovery. This shift of focus will help the children as well as they will be able to monitor their parent's health, even when they are not physically with them, and thereby take away a huge stress load.

As an industry, we need to go beyond the conventional mode of 'reactive care' and act as an enabler and influencer of 'proactive care' for senior citizens. It is imperative to understand the emotional and financial intricacies of senior citizen's health, hospitalisation and recovery needs that one undergoes during an illness or hospitalization for major treatment. Based on several insights from our research, there is a need to expand the category with 'Care Solutions' but with features like 'Personal Health Coach', Nursing at Home' & 'Cashless Hospitalization for Home Treatment', etc., thereby bridging the gap to provide health insurance cover to a section of society who needs it the most. The aim was to empower them against the various unforeseen uncertainties of life. Health Insurance companies need to take a 'Health First' approach to engage with senior citizens and come up with a holistic health support system. The industry needs to serve as an enabler and influencer of health and healthcare choices that customers make, in addition to being a payer of healthcare expenses.

(The writer is Mayank Bathwal.)

TOP

National Parents' Day: Provide financial security to your parents by gifting them health insurance - Financial Express – 25th July 2021



With the uncertainty and chaotic times as is prevailing around the world for the past one-and-a-half years, our first and foremost priority should be to do all we can to protect our health and well-being of our parents. As people age, many elders may need to cope with some or the other health conditions and would need protection against any untoward hospitalization expenses on account of a large number of diseases, including critical illnesses. Also, the unexpected expense for Covid treatment can jeopardize a family's financial security. Thus, to have greater peace of mind in these trying times, here's where a comprehensive health insurance becomes a necessity for everyone, to ensure that we don't face a financial crisis if there are any medical emergencies.

During the critical tenure of the ongoing Covid pandemic, our senior parents were the worst-hit across the demographics. Many were caught by the virus, and needed urgent treatment, along with oxygen cylinders. Thus, to safeguard the most vulnerable population of our society and ensure that the cost is not a barrier for them in getting the care they need related to any medical treatment, it is vital to get a comprehensive senior citizen health insurance plan with a higher Sum Insured to face any medical eventuality.

It is always advisable to buy a health insurance policy at a young age and especially when you are healthy to prepare for any unprecedented occurrences, because sometimes, the existing medical conditions may make the whole process of getting a health insurance cover a bit difficult for senior citizens. Moreover, buying the plan early helps people in several ways including reduced chance of claim-rejection. This is due to continuous coverage they would have exhausted the relevant waiting periods.

Nonetheless, whenever one buys a health insurance plan for senior citizens, make sure it provides coverage for the broadest range of ailments with limited exclusions. The old-age may run a higher risk of contracting major ailments that are expensive to treat due to ever increasing medical inflation. Thus, one should get an adequate health insurance plan to take care of their health equipping them to defend against Covid or any other medical conditions.

On this National Parents Day, let us take a pledge to shield our parents from financial worries, by gifting them a comprehensive health insurance plan. Given the current scenario of the world, giving your parents a health plan has become an absolute necessity, as it helps the elderly by ensuring their financial security by covering the hospitalization expenses when they fall ill and on the other side rewards them for staying healthy. Health insurance provides the necessary coverage for inpatient hospitalisation, pre and post hospitalisation and gives a sense of independence to the parents. Throughout their life, they have been the financial pillars of the family, supporting and managing the family budget. In their old age, when financial independence is lost, they feel like a burden, which causes them mental and emotional stress.

Having financial security in terms of health insurance, allows the parents to enjoy their retirement life. For the children too, it is a great boon. Health insurance for the parents is a tax-saving tool for the children. Therefore, the earlier you plan for health insurance for your parents, the better chances of them to enjoy a worry-free old age.

There are various kind of policies available in the market. All you need to consider is the current and future requirements of your parents. Every family is different, every parent has a different healthcare requirements. Thus, some of the key parameters that one should look at while purchasing health insurance for senior citizen are – Insured amount, premium, cover and exclusions for any particular illnesses, hospital network and co-payment options. It is beneficial in a senior citizen's policy, if it has a broader hospital network, specializing in various range of treatments. This may be an important parameter which ensures that they have good hospitals nearby that provide a comprehensive list of treatments for various illnesses and that the Senior Citizen need not travel far from home.

Some of the other things that may need to be additionally taken into account while choosing a health insurance plan for senior citizens are ambulance cover, free health check-ups, domiciliary treatment cover and cashless home care cover to enjoy access to quality healthcare, safeguard retirement corpus, and live a happier life.

When it comes to your health and your parents, there should be no barriers in terms of healthcare financing. So to bring that additional peace of mind for our parents in these uncertain times, it is important to choose a health plan with an optimum coverage level based on our parents healthcare needs to fight the high medical costs and avail quality healthcare. Our parents have always supported us throughout our lifetime at the expense of their own financial wellness. Now it's our time to give them the care and support they need to protect their health, well-being and peace of mind.

(The writer is Priya Deshmukh Gilbile.)

TOP

3 add-on health insurance covers to consider - The Hindu Business Line - 24th July 2021

A health insurance policy plays a significant role in providing financial stability for an individual and his/her family at the time of medical emergencies. Typically, a health policy offers to cover hospitalisation expenses along with pre- and post-hospitalisation expenses, day care treatments (treatment procedures that require hospitalisation for less than 24-hours), and accidental injuries, among others. While it is important to have sufficient coverage amount at all times, sometimes a base policy may still not be enough to cover other expenses. You can then consider going for one or two riders/optional covers, depending on the need. Keep in mind that these add-ons involve payment of additional premium. Here are a few riders worth considering.

Hospital cash benefit

While a health policy takes care of hospitalisation expenses, you may still end up paying for certain charges while are still hospitalised. These expenses are usually inadmissible at the time of filing a claim, and include the cost of hospital gowns, gauzes, adhesive bandages and maintenance and housekeeping charges and conveyance charges. This is where the hospital cash or daily cash benefit comes in handy. It means, if the policyholder gets hospitalised, your health insurer will pay you a lump sum amount for every day of hospitalisation up to a certain number of days up to a maximum limit (varies with insurers). For instance, in ICICI Lombard's Complete Health Insurance plan, the hospital daily cash made available is ₹3,000 per day for up to a maximum of 10 days of consecutive hospitalisation (minimum 3 days) for sum insured (SI) of ₹15 lakh and above. The daily cash limit is ₹2,000 per day if the SI is less than ₹7 lakh. Most insurers including Tata AIG, ICICI Lombard, HDFC Ergo Health, Max Bupa, Bajaj Allianz, Star Health and Digit, offer hospital cash benefit as an optional cover for additional premium, while some insurers offer this as an in-built cover.

Tata AIG's Medicare, for instance pays 0.25 per cent of SI up to a maximum of ₹2,000 per day of hospitalisation for shared room accommodation.

Critical illness

A critical illness (CI) cover is offered as a rider or as an optional cover by many health insurers. Under this, the insurer will make a lumpsum payment at the time of diagnosis, after which this cover terminates. Remember that, there is no restriction on the usage of the amount received. Primary breadwinners of their families, who don't want to take chances on their health can consider this rider. Do note that the insurer will make payment only for certain diseases mentioned in the policy document and the payment varies across insurers and diseases. For instance, HDFC Ergo's Optima Secure plan offers critical illness cover with SI of ₹10 lakh to ₹2 crore CI. Similarly, 100 per cent of the SI opted is paid out in case of Manipal Cigna's ProHealth plan. Both policies also offer expert opinion if the insured requires it for the CI.

OPD benefit

Another rider cover to consider is OPD (outpatient department) where it covers expenses such as doctor's consultation fees, pharmacy bills, dental treatment expenses and non-allopathic treatment. Most of the health policies offer OPD in-built in the policy but there are a few that offer this as an optional or add-on cover. Policies including ICICI Lombard's Complete Health Insurance plan and Max Bupa's Go Active offer in-built OPD cover while policies such as Activ Health from Aditya Birla Health and Care's Care Freedom offer it as optional cover. Ideally those who go to the pharmacy or consult doctors often can go for an OPD cover.

But, if your plan already has OPD in-built there are other optional covers to consider. One is a maternity cover, offered by many insurers, which can be considered if a couple plans to have a baby.

Alternatively, reduction in waiting period cover can be opted. This comes in handy for those who are already suffering from pre-existing conditions such as asthma or diabetics. Generally, the pre-existing disease waiting period ranges from 2-4 years across insurers. With this rider cover, upon payment of additional premium, your waiting period of say, four years, will come down to say 1-2 years. You can also use the cover to reduce the maternity waiting period (usually 4 years), if the insurer offers it.

(The writer is Bavadharini KS.)

TOP

MOTOR INSURANCE

Planning to buy Ola electric scooter? Know what insurance policy you should buy for all-round protection – Financial Express - 29th July 2021

Insurance for electric scooters: India is on the cusp of an electric vehicles (EV) revolution, including the two-wheeler segment with multiple new and old players already in the fray already. According to a report by KPMG in association with CII, electric two-wheeler penetration in India is expected to reach 25-35 per cent by 2030. Recently, ride-hailing service provider Ola created a buzz by giving a sneak peek of its Made in India electric scooters. While this two-wheeler is yet to be formally launched, registrations have started. Before Ola, several electric scooters launched by companies like Hero, Honda, Ather Energy, Bajaj etc. are rapidly gaining customer interest.

eVehicles are seen as the future of the country and most leading automobile manufacturers are working to improve their offerings. A study by the Centre of Energy Finance (CEEW) estimates the Indian Electric Automobile industry to become worth $206 billion by the end of 2030. The Government is also focused on improving the charging facilities across the country to provide the necessary impetus to this environment-friendly transport. As the electric scooters and bikes gain momentum, insuring them has also gained importance. Dhirendra Mahyavanshi, Co-Founder, Turtle mint (An InsurTech Company) says the insurance plans for electric bikes/scooters have been designed to provide comprehensive coverage, including the battery, which forms an important component of the bike.

What are the insurance policies for electric bikes/scooters?
Mahyavanshi told FE online that typically, all types of electric bikes and scooters can be insured under the same motor insurance plans that are available for regular non-electric two-wheelers for a third party or comprehensive coverage.

Since third-party coverage is legally mandatory as per the Motor Vehicles Act, 1988, it covers third-party financial liabilities suffered in the following cases –

- If the electric two-wheeler causes the death of an individual
- If the insured two-wheeler causes bodily injury to a third party
- If the electric bike/scooter causes third party property damage

Total coverage
According to Mahyavanshi, for a new electric bike or scooter, third-party coverage should be taken for a mandatory period of 5 years.

Coverage under the third party cover is up to Rs 7.5 lakh for property damages. For death and bodily injuries, however, the coverage is unlimited.

However, a comprehensive plan is recommended for electric bikes/scooters for the coverage offered as it covers mandatory third-party liability as necessitated by the Act along with:
Damages suffered by the two-wheeler due to natural calamities like flood, lightning, earthquake, hurricane, cyclone, etc.
Damages suffered due to man-made calamities like fire, explosion, riots, malicious acts, etc.
Theft of the vehicle
Damages suffered in transit by road, rail, air or water
Add ones

There is also a range of add-ons that you can opt for with the comprehensive policy for all-round protection of the two-wheeler. Mahyavanshi said that popular add-ons include the following:
Zero depreciation add-on which eliminates the applicable depreciation at the time of claim and enhances the claim pay-out
Roadside assistance (RSA) add-on which provides 24*7 assistance in the case of breakdowns
NCB protection add-on that protects the no claim discount even in a claim
Return to invoice (RTI) add-on that pays the invoice value of the two-wheeler in the case of total loss or theft
Engine and gear-box protection add-on covers any damage, especially due to rains and floods to the engine and gear box of your electric bike would be covered.

"If you opt for bundled comprehensive coverage for a new electric two-wheeler, the own-damage coverage would be available for one year but the third-party coverage would be for 5 years. While the third party cover would run for 5 years, non-stop, you would have to renew your own damage cover annually to enjoy uninterrupted coverage," the Turtle mint co-founder said for all-round protection.

(The writer is Rajeev Kumar.)

TOP

Add-on covers in a bike insurance policy – Cartoq - 29th July 2021

In India, it is mandatory to have an insurance plan for your vehicle. The absence of the same can lead to heavy monetary penalties. Choosing a policy that best satisfies your requirements and provides complete protection can be a challenging feat to achieve. To help you get the best experience and assistance, add-on covers over and above the insurance policy are made available. They provide extra layers of protection for your bike and even yourself by boosting the basic policy cover by offering an extension in the coverage. This additional benefit would mean a little extra pay for the policy's premium but ultimately would go a long way in helping during the time of need and claim process.

Types of add-on covers
Zero Depreciation Cover: As is well-known, depreciation is a reduction in an asset's value that occurs over time. Bearing the burden of the cost of depreciation can be stressful for the owner of any bike. A zero depreciation cover enables relieving you of this stress. It ensures compensation of the depreciation amount of fibre, plastic, or rubber components of your two-wheeler by your insurance providers.

Consumables Cover: Consumables include two-wheeler parts such as buts, bolts, clips, bearings, distilled water, oil filters, engine oil, screws, etc. A standard insurance policy doesn't cover the cost of repair/replacement of these consumables, which can be pretty expensive. An add-on cover for these in your insurance plan can be quite a useful support.

Roadside Assistance Cover: This cover is convenient and comes to your rescue in case of a roadside emergency. It protects you from unwanted situations such as breakdown, empty fuel tank, flat tyre, etc., in the middle of the road.
Personal Belongings/Accessories Cover: To avail benefits of recovering any monetary loss suffered or in case of any damage/theft to the accessories of your two-wheeler such as a helmet, the personal belongings cover, and the accessories cover will provide suitable assistance.
Return to Invoice: In case of total loss or theft of your two-wheeler, the return to invoice covers allows you to get the total invoice price of the vehicle from the insurance provider.
Key Protect Cover: This cover will help you replace the key of your two-wheeler in the event of any damage/theft. It will even provide you with a spare in the minimum possible time.

Benefits of Add-on Covers
Personalised Bike Insurance: Add-on covers help enable the freedom of choice to pick the add-ons as per your requirements and personalise your bike insurance policy with enhanced coverage and peace of mind.

Higher Claim Amount: The multiple add-ons lead to increased coverage in your bike insurance policy, which further equips you in claiming for a higher amount at the time of claim settlement.

Keeping in mind these types and benefits will help you make the most suitable, profitable and personalised decision for shielding your bike as well as your well-being. At Chola MS, to ensure that our customers and their bikes are safeguarded to the fullest extent at all times, unique additional add-ons are offered with the two-wheeler insurance policy.

TOP

CROP INSURANCE

Kharif 2021: Clouds over Fasal Bima as states miss deadlines – Financial Express – 26th July 2021

The roll-out of the government's flagship crop insurance scheme, Pradhan Mantri Fasal Bimal Yojana (PMFBY) for the Kharif 2021 season, is shrouded in uncertainty as many states have opted out of the scheme and others are apparently failing to stick to the timelines despite being given several extensions. Already, Gujarat, Andhra Pradesh, Telangana, Jharkhand, West Bengal and Bihar exited the scheme citing the cost of the premium subsidy to be bore by them. Madhya Pradesh and Tamil Nadu are said to have not finalised the premium until July 25, while as per PMFBY guidelines, premium rates should have been fixed by April. The Centre has extended the deadline for Chhattisgarh and Maharashtra to complete the enrolment of farmers – to July 31 and July 23, respectively. Uttarakhand and Jammu and Kashmir may be given time late July 31 for completing the enrolment. Sowing was at about of the 67% of the normal kharif as on July 23.

Under PMFBY, premium to be paid by farmers is fixed at 1.5% of the sum insured for rabi crops and 2% for kharif crops, while it is 5% for cash crops. The balance premium is split equally between the Centre and states. Many states have demanded their share of the premium subsidy be capped at 30%. The Centre normally accedes to the requests of the states if the insurance companies give their consent for the extension of enrollment date.

"Since most of the states last year awarded the insurance companies three-year contract with fixed premium, there was no reason for delay in meeting cut-off dates," a senior government official said. However, states like Maharashtra and Rajasthan insisted on having a different plan that caused some delays, the sources said, adding, all those states who had sought extension of enrolment date cited Covid-related difficulties as the reason for not meeting the deadline. Some states have been planning to launch their own schemes in the pattern of West Bengal and Bihar, while some others have been discussing plans to waive off share of premium paid by farmers. Such changes have become a regular feature that contribute to the delay in meeting deadlines, said a senior executive of an insurance company requesting anonymity.

In Chhattisgarh, over 42 lakh applications have been received for enrolment as on July 25. In the last kharif season, a total of over 44 lakh applications were received. In Maharashtra, where enrolment is to continue until July 23, insurance companies have received over 75 lakh applications under PMFBY as on July 25, as against a total of 1.08 crore during last kharif season. Applications are always higher than the number of farmers as same farmers with multiple land holdings apply separately for each land. Earlier this month, the Centre wrote to the state governments seeking their views on including the so-called 'Beed formula' as an option under PMFBY amid several states developing cold feet on the scheme. The Centre in February last year had changed the guidelines and allowed states option of three-year contract with insurers on the premium charged in crop insurance. States also can continue with the existing system of inviting bids for premium every year, as per the guidelines.

Under the 'Beed formula', also known as the 80-110 plan, the insurer's potential losses are circumscribed – the firm won't have to entertain claims above 110% of the gross premium. The insurer will refund the premium surplus (gross premium minus claims) exceeding 20% of gross premium to the state government. Of course, the state government has to bear the cost of any claims above 110% of the premium collected to insulate the insurer from losses, but such higher level of claims rarely occur, so the states reckon the formula in effect reduces their cost to run the scheme. In case the claims reach 60% of premium collected under the 80-110 plan, the insurance company will have to refund 20% to the state government and if the claims are 70%, the refund to state will be 10%. In case of claims above 80%, the state will not get any refund. While Punjab never implemented the crop insurance scheme, Bihar and West Bengal have their own schemes under which farmers do not pay any premium, but they receive a fixed amount of compensation in case of crop failure.

(The writer is Prabhu Datta Mishra.)

TOP

REINSURANCE

Why insurers won't save a heating world from floods and fire – The Print – 26th July 2021

There's bad news for those looking for comfort in the face of flooding that's inundated cities in China, Germany and India and wildfires that have consumed suburbs in California, Canada, and Australia: The insurance industry isn't planning on hanging around to bail you out. An insurance rescue mission is such a routine aspect of natural disasters in rich countries that the value of losses from major events is often as familiar as their physical characteristics, such as wind speed or Richter magnitude. The industry paid out $82 billion in such losses last year alone, according to Munich Re AG, and some $143 billion of catastrophe bonds have been issued since 1997.

As anyone who's tried to put in a claim knows, though, insurance isn't charity. If it becomes too expensive to cover losses for natural disasters, insurers and reinsurers will raise prices and pull back toward areas that are more profitable. Worryingly, we're already seeing signs of that happening in precisely the areas that are hitting the headlines. People with homes in high-risk regions that are currently protected by insurance coverage need to think about what they'd do if that safety net was whisked away.

Reinsurers — the places where insurance companies get their own insurance — are crucial to how the world handles natural disasters. Despite representing only 5% or so of the $7 trillion in gross premiums written by the industry each year, reinsurers use their global reach and huge balance sheets to cover as much as two-thirds of the losses from major events. Those have been rising dramatically. Disaster pay-outs last year were the fifth-highest in history. There were no catastrophes on the scale of the 2011 Tohoku earthquake and tsunami, or of Hurricanes Harvey, Irma and Maria in 2017. Instead, an increasing proportion of losses have resulted from so-called "secondary perils" — landslides, wildfires and drought, as well as flooding, wind and hail damage from storms. These tend to be smaller-scale and harder to predict than the vast calamities inflicted by cyclones and earthquakes.

Traditionally, reinsurers haven't paid much attention to the distinction between these secondary perils and the larger catastrophes in which they specialize. While front-line insurers argue with their customers and lawyers about the nature of the disaster and whether it was covered by a policy, reinsurers simply pay out whenever covered losses rise above the level where they're on the hook for a slice of the cost. As the frequency and severity of small-scale disasters increase, they're having to pay more attention. Swiss Re AG, the world's largest natural catastrophe reinsurer, said last year it had started paring back parts of its portfolio with high exposure to secondary perils, and is raising its modeled risks associated with weather events in Australia, typhoons in Japan and wildfires in California. That will increase the costs of coverage for primary insurers and customers down the chain.

"Our aim was to move more out of those unmodeled risks," Swiss Re's head of underwriting, Thierry Leger, told an investor call in February. Secondary perils had been making up a larger and larger share of losses, he added: "That trend we had to break as well." Climate change makes all these problems more difficult. Insurers' models for the cost of natural disasters are based on historical data, but those trends are shifting in unpredictable ways as the climate warms. A warmer atmosphere, for instance, is able to carry more moisture. That's likely to be contributing to the devastating recent flash floods in China's Henan province, in Germany and Belgium, and in parts of India's Maharashtra state, as clouds are now able to hold unprecedented volumes of water before dumping them on populated areas.

Whenever scientists respond to natural disasters with awe at the gathering speed of these climate effects, it's likely that reinsurers will be reacting with something closer to alarm. To a meteorologist, a broken model is a research opportunity. To a reinsurer, it's a threat to the business — while the worst effects will fall on individuals, who already bear nearly three-quarters of natural disaster costs. All that is going to lead to increased premium costs, exclusions and deductibles. Even absent climate change, the effects of the Covid-19 pandemic will lump an additional $50 billion to $80 billion of costs on the industry, making it one of the most expensive disasters in history. Germany's recent floods would add as much as 5 billion euros ($5.9 billion) on top of that, and the damage from the Chinese and Indian floods and Canadian wildfires is still being assessed.

Meanwhile, record-low interest rates are making it harder for insurers to make money from debt-heavy investment portfolios, forcing them to push harder on maximizing earnings and minimizing losses from underwriting if the business as a whole is to make a profit. Reinsurers can help to move some of the costs of climate change around, but they don't have magical powers to make them go away. After a period during the past decade when the cost of reinsurance was pushed down by hedge funds, pension funds and sovereign wealth funds moving into the market, we're now facing a cycle of hardening. That means a larger share of costs are being kicked back to primary insurers and consumers, just as climate change starts increasing the frequency of disasters. When the final bill for the next decade's floods and wildfires and hailstorms comes due, an insurance industry with an eye on its own survival will have already minimized its own exposure. It will be you and I who have to pay. –*Bloomberg*

(The writer is David Fickling.)

TOP

SURVEY & REPORT

Insurance Fraud Investigations Shift to Digital After Covid Onset, Says Survey – Live Mint – 24th July 2021

India's insurance industry has significantly digitised its fraud investigations in the wake of the covid-19 pandemic, a new survey of industry professionals has revealed. About 68% of survey respondents said their organisations were using digital solutions for investigations, while 19% said they were in various stages of planning the transition to digital.

The findings are part of a report released on 23 July, titled Impact Of Covid - 19 Pandemic On Insurance Fraud Risk Mitigation And Investigation.

The qualitative survey of professionals representing leading life, health, and general insurance companies in India was conducted by the Insurance Institute of India (III) with Lancers Network Limited as knowledge partner, in collaboration with Association of Private Detectives and Investigators India (APDI) and International Fraud Trading Group (IFTG). Nearly 60 industry executives representing various risk mitigation functions, including claims investigation, seeding, pre-issuance profile check, pay and recovery, health reimbursement and underwriting participated in the survey.

Deepak Godbole, secretary-general, Insurance Institute of India said, "Insurance frauds in the form of inflated or false claims hurt not only the insurance companies but also their customers or insurance buyers, who have to pay higher premiums as a result. As this survey confirms, the growing adoption of technologies like artificial intelligence and data analytics are enabling better and faster insurance investigations, which augurs well for the whole industry."

The survey also revealed that the industry's shift to digital fraud investigations is permanent, with 92% of the respondents affirming that the increased use of technology in investigations would continue in post-pandemic times. Of these, 71% were specific that more emphasis will be on a digital approach.

More than one in four (27%) of the respondents said insurance frauds rose during the pandemic. There was also an overall increase in insurance fraud investigations after the onset of covid-19, with 55% of respondents confirming that their professional activities related to fraud-fighting have either increased overall or increased under a specific area of operation during the pandemic. However, nearly half of the respondents also reported either a budget cut (32%) or zero budget allocation (16%) for investigations.

Shivindra Pratap Singh, managing director, Lancer Network Limited said, "The pandemic has since last year provided fertile grounds for an increase in the incidence of insurance frauds while restraining insurance professionals from doing their jobs safely. While the pandemic lingers on, this is an ideal moment for the fraud & risk mitigation fraternity of the Indian Insurance Industry to utilize this disruption as a 'Strategic Timeout' and prepare for the future by developing their skills and embracing a more inclusive 'new normal'."

The survey also revealed that about 54% of respondents now preferred virtual classroom-based training or e-learning. Only 24% said they preferred classroom training. Insurance frauds are typically committed at the time of applications or claims, and cost a whopping ₹45,000 crore every year to insurance companies. Nearly 70% of these frauds are committed via falsification of documents. As per industry estimates, insurers lose close to 10% of their overall premium collection to frauds.

TOP

INSURANCE CASES

Murder an accidental death, says court, asks insurer to pay ₹15 lakh – The Times of India – 25th July 2021

A consumer court has ordered the Life Insurance Corporation to pay Rs 14.6 lakh for 19 different policies with accidental death benefits by considering the insured person's murder an accidental death.

Narendrasinh Parmar was shot dead by unidentified assailants in 2009. Police filed an FIR but later closed the case as they were unable to determine why Parmar had been killed and by whom. Parmar's widow Chetna claimed the payouts for 19 different insurance policies with accidental death benefits that Parmar had. The claim was rejected on the grounds that Parmar was murdered and didn't die in an accident.

In 2012, Chetna approached the Consumer Dispute Redressal Forum, Ahmedabad (Additional), but the forum rejected her complaint. The dispute reached the Gujarat State Consumer Dispute Redressal Commission, which ordered the insurer to pay the claims, holding that Parmar was not a party to the murder, was not instrumental in provocation, and the immediate cause of action was not a result of a deliberate act by the insured.

TOP

PENSION

NPS fund managers have more choices as investment universe expands - Business Standard – 29th July 2021

The Pension Fund Regulatory and Development Authority (PFRDA) has made changes to the investment norms that pension fund managers (PFMs) of the National Pension System (NPS) must follow. According to experts, while these changes will allow PFMs to invest in a wider array of products, they could also make their portfolios more volatile. Investment universe expanded PFMs could earlier invest in stocks that were part of the futures and options (F&O) segment and had a market capitalisation of more than Rs 5,000 crore.

(The writer is Sanjay Kumar Singh.)

TOP

Superannuation funds can be moved - Live Mint – 26th July 2021

part from the Employees' Provident Fund and National Pension System, some companies contribute on behalf of their employees towards superannuation funds. These are group retirement savings schemes offered by insurers such as Life Insurance Corporation of India (LIC). The contributions can be made both by the employer and the employees. These are generally of two types—defined benefit schemes and defined contribution schemes. Most companies now opt for defined contribution schemes. The employee can claim tax benefit on contributions up to ₹1.5 lakh under Section 80C. Employers can contribute up to 15% of the basic and dearness allowance of the employee. The employee can opt to contribute a similar amount. Just like any other retirement scheme, interest is accrued on the contributions made and it is tax-free.

In case you have changed jobs, you generally have three options with regard to investments in the superannuation fund: One, you can withdraw the money from the scheme. Two, you can transfer the fund. "An employee can transfer the amount to the new company provided the new company has an approved superannuation fund," said Prashant Singh, vice president and business head - compliance and payroll outsourcing, Team Lease Services, a staffing firm.

Three, you can leave the money with the fund and withdraw the permissible one-third at the age of 58 while the rest has to be put into annuity, which provides pension. But leaving the fund as is can create a problem in managing and keeping track of things. The amount withdrawn at the time of retirement is tax-free, while the annuity income will be taxed in accordance with the slab of the investor. In case the employee opts for withdrawal at the time of a change in job, the entire money will be taxed according to the slab of the employee. Therefore, experts generally advise people to not withdraw money during a change of job as it will be fully taxable according to the slab rate of the individual.

"We don't advise our clients to withdraw money from superannuation funds due to higher tax incidence. It is better to transfer the money to the new employer if the new employer gives the option to invest in a superannuation fund. If transfer is not possible, or the new employer is not offering superannuation, the employee can continue keeping the amount in superannuation fund and withdraw one-third at the time of retirement and invest the rest in annuity," said Renu Maheshwari, chief executive officer and principal adviser at Finzscholarz Wealth Managers LLP, a Sebi registered investment adviser. "A few fund houses offer choice of asset allocation. Go for maximum equity to take advantage of growth assets in the long term. The allocation can be changed to make it debt heavy, closer to retirement. If the employee is young, it would be better to go for higher equity allocation," said Maheshwari.

(The writer is Renu Yadav.)

TOP

NPS withdrawal: How the new Re 1 'penny drop' feature works – Live Mint – 26th July 2021

To protect the interest of NPS subscribers and for timely credit of amount in case of withdrawal, pension regulator PFRDA has said that Instant Bank Account verification by 'penny drop' would be adopted by CRAs or central recordkeeping agencies. A NPS or National Pension Scheme subscriber places a withdrawal or partial withdrawal request by mentioning the required details including the bank account number and IFSC code into which the withdrawal proceeds are to be credited. Once the withdrawal request is verified and authorized in the Central Record Keeping (CRA) system, the proceeds are credited to the subscriber's bank account through electronic mode.

However, in some instances, the subscribers' withdrawal amount do not get credited into the savings bank account (SBA) due to many account related issues like invalid account number/account type, invalid/wrong IFSC code, name mismatch, dormant/frozen account, account type mismatch etc.

NPS: What is 'penny drop' process

Through 'penny drop' process, central recordkeeping agencies check the active status of savings bank account and match the name in bank account number with the name in PRAN (Permanent Retirement Account Number) or as per the documents submitted.

The validity of account is verified by making a 'test transaction' by penny dropping a specified amount into the beneficiary's savings and matching the name based on the penny drop response. Re 1 may be credited in the savings account of the NPS beneficiary as part of penny drop process.

The ‘penny drop’ can happen at the time of processing of the Exit/Withdrawal request. The response of ‘Success’ or ‘Failure’ would be provided by the service provider based on validation of the savings account number name check as per CRA records. If the bank account details and other details are not correct, the alternate account number or additional supporting documents are to be submitted for updating the records.

In case the penny drop fails at the time of processing, the subscribers will be informed to correct the bank account number and resubmit the application for withdrawal. A small amount will be recovered from subscribers for the Instant Bank Account verification by penny drop:
(i) K Fin Technologies Pvt Ltd (KCRA)- Rs. 1.90+ tax
(ii) NSDL e-Governance infrastructure Pvt Ltd (NCRA) - Rs. 2.40 + tax

The above charges include Re 1 credited in the SBA of the beneficiary as part of penny drop process.

TOP

IRDAI CIRCULARS

Topic	*Reference*
Withdrawal of Guidelines on "Indian owned and controlled"	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4532&flag=1

TOP

GLOBAL NEWS

China: Regulator says more Nat CAT insurance needed – Asia Insurance Review

China's banking and insurance regulator has said that it will guide insurers to increase investment in natural disaster insurance and enrich product offerings, reported Reuters. The CBIRC also plans to raise public awareness of risks, to let natural disasters insurance play a greater role in national emergency response, it said in a statement sent to Reuters.

“Natural disaster risks such as earthquakes, typhoons and floods affected people the most, and it’s our people who bear the most direct losses,” the CBIRC said. More products are needed in the area so as to “better satisfy people’s diversified needs to insure risks”, it said.

Floods and Typhoon "Fireworks"
The statement was made as Henan Province in central China has been hit by once-in-1,000-years floods since 16 July. To date, the floods have caused insured losses of at least CNY10bn ($1.54bn), with motor losses accounting for at least 60% of the figure.

Separately, in the eastern coastal city of Ningbo, insurance companies have received at least 54,200 claims in the wake of damages caused by Typhoon “Fireworks”. Insurance claims exceed CNY394m to date, according to the Ningbo Banking and Insurance Regulatory Bureau.

The typhoon landed on Putuo in Zhou Shan in Zhejiang Province, and moved inland. Zhejiang, Jiangsu, Anhui, Henan and other places have seen heavy rains as a result.

TOP

Global: Legacy of healthy lifestyle becomes more important than leaving behind wealth - HSBC Life - Asia Insurance Review

Health legacy is emerging as people look forward to a life beyond the COVID-19 pandemic, according to the findings of a new global study by HSBC Life - the HSBC Group's insurance business.

The +Factor study – a survey of over 10,000 participants aged 18 to over 80 across mainland China, Hong Kong, Singapore and the UK – reveals that more than four in five (81%) respondents believe that passing on healthy lifestyle habits is becoming more important than passing on wealth; the belief in health & wellbeing as a priority is stronger amongst people in the 25 to 34 age group (84%).

Health is wealth

The study highlights the extent that physical, mental and financial wellbeing are interlinked.

Three-quarters (75%) of respondents feel that their mental health and financial position are connected, and most say they need to feel both physically healthy (84%) and mentally healthy (82%) to enjoy their wealth. Furthermore, four in five (80%) rank their physical health higher in importance than their financial health.

Financial fitness and holistic wellbeing

Respondents were asked questions relating to their current physical fitness, mental health and financial wellbeing, and grouped them according to their responses.

Overall, the results highlighted a strong correlation between physical health, mental wellbeing and financial fitness. A majority (85%) of the physically fit group scored 'average' or 'above average' for mental health (versus 38% in the unfit group), and 52% scored 'very fit' in financial wellbeing, (versus only 24% in the 'unfit' group).

Of those with above-average mental health, 73% reported high levels of physical fitness (versus only 12% with 'very low' mental health), whilst 55% scored 'very fit' for financial wellbeing (versus only 22% with 'very low' mental health).

Mr Bryce Johns, Global CEO of HSBC Life and Insurance Partnerships, said, "The COVID-19 pandemic is an acute reminder of the importance of health and wellness. Our +Factor study indicates how our customers are expanding their horizons when it comes to legacy planning – from just wealth to securing a financially secure, physically fit and mentally healthy lifestyle, for their families and themselves."

Start young

The study also reveals that physical activity from a young age can lead to greater financial and mental wellbeing later in life. People who regularly played sport as a child (74%) were found to be mentally, financially and physically fitter today than those who didn't.

Of this group, 84% said they feel physically fit today, 83% currently reported above average mental health and 83% scored 'very fit' for financial wellbeing. For those who did not have a sporting habit as a child (26%), the results were significantly lower with only 16% said they were physically fit today, 17% having above average mental health and 17% scoring 'very fit' for financial wellbeing.

When respondents were asked what advice they would have offered themselves 15 years ago, 49% said they would invest in a healthy lifestyle and 44% said they would save more money.

Societal +Factor and COVID-19 impact

The study highlights how achieving holistic wellbeing through high levels of physical, mental and financial health, doesn't merely benefit the individual, it can also help to contribute to society at large. For example, 86% of those who felt physically fit volunteer for charitable initiatives and 81% opt for sustainable or ESG investments, compared with only 60% and 41% respectively who felt they were physically unfit.

Furthermore, respondents' inclination to contribute to society has also been influenced by COVID-19. When comparing pre-pandemic life with their current lifestyle, more than a fifth (23%) said that it had influenced how they are giving back to society and helping the environment.

Financial planning - a driver for wellbeing

The survey suggests that COVID-19 has been a key driver for people to save money for the future and improve their financial planning, as more than one in four respondents (28%) said their financial behaviour had changed when comparing their lifestyle pre-COVID to now.

It also revealed a link between people's financial habits and their mental wellbeing – small financial planning habits are having a positive impact on mental health. For example, almost two-thirds (61%) of those with above-average mental health said they have used financial products to increase the value of their assets in the past six months, versus just under half (46%) of those feeling very low mental health. Furthermore, many people (73%) with above-average mental health had a comprehensive financial plan for retirement versus only 31% with below-average mental health.

"Our +Factor study highlights the connection between physical health, mental wellness and financial fitness, and how holistic wellbeing can also impact contribution to society. It is also significant to see the links between financial planning and improved mental health," said Mr Johns. An online survey with 10,659 adults aged 18 to 65 in Hong Kong (2,016), mainland China (3,560) , Singapore (2,059) and UK (3,024) was conducted for HSBC Life by Engine Group from 26 March to 20 April 2021.

TOP

Disclaimer:

'Newsletter' is for Private Circulation only intended to bring weekly updates of insurance related information published in various media like newspapers, magazines, e-journals etc. to the attention of Members of Insurance Institute of India registered for its various examinations.

Sources of all Cited Information (CI) are duly acknowledged and Members are advised to read, refer, research and quote content from the original source only, even if the actual content is reproduced. CI selection does not reflect quality judgment, prejudice or bias by 'III Library' or Insurance Institute of India. Selection is based on relevance of content to Members, readability/ brevity/ space constraints/ availability of CI solely in the opinion of 'III Library'.

'Newsletter' is a free email service from 'III Library' to III Members and does not contain any advertisement, promotional material or content having any specific commercial value.

In case of any complaint whatsoever relating 'Newsletter', please send an email to newsletter@iii.org.in.

To stop receiving this newsletter, please send email to newsletter@iii.org.in