



भारतीय बीमा संस्थान  
INSURANCE INSTITUTE OF INDIA

# INSUNEWS

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## QUOTE OF THE WEEK

**“Truth is by nature self-evident. As soon as you remove the cobwebs of ignorance that surround it, it shines clear.”**

**Mahatma Gandhi**

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## INSURANCE TERM FOR THE WEEK

### **Concealment**

**Definition:** Concealment is the act of hiding or not putting forward any relevant fact in front of the insurer that need to be revealed. An applicant commits this fraudulent act intentionally or unintentionally that may lead to loss to the insurer.

**Description:** An insurance contract is backed with the good faith between the insurer and the insured. All material facts create base for a strong insurance contract. Hence concealment may lead to risk for the insurer.

Source

## INSURANCE INDUSTRY

### **Disrupting the future of Insurance pricing through digital, voice behavior - The Economic Times - 8th October 2019**



Tech disruptions are fundamentally redrawing the canvas of the insurance ecosystem and challenging the legacies associated with how insurance is not only purchased and sold but also priced. In fact, I believe that the scope of tech in the industry will further expand because insurers nowadays want to incentivize minimal risk consumers and among all the existing proxies that help in identifying the extent of exposure, it is the digital and voice behaviour of a consumer, which is by far the most accurate and hence essentially the future of determining insurance pricing.

Amongst the most common questions relating to insurance that I have been asked by the consumers revolves around the dynamics of products pricing. They are inquisitive and eager to know how the industry is underwriting risk and often express displeasure when I reply that a uniform methodology is adapted across the board when it comes to pricing, they retort by asking if comparing apples to oranges is fair. In all honesty, I have to admit that they make a valid point and this is precisely why the insurance underwriting process in India needs an overhaul. Rather, I have often found asking myself if it is fair to charge the same premium from a consumer who, for instance may have a family history of a certain type of ailments vis-à-vis those who do not have any such baggage or for those car drivers who drive 100 km against those who drive 10 km.

#### **What is an apt alternative?**

Now that it has been established that a flaw exists, the question before the entire industry is whether an alternative and a more personalized mechanism exist to overcome the handicap. While the answer would have been in the negative few years earlier much has changed now. Owing to the vast array of innovations that surround us in this digital world, new proxies such as the consumers digital and voice behaviour have emerged as a reliable alternative. Once fully integrated with existing infra of insurers, it will allow the insurance players to undertake a thorough analysis of the risk presented by the consumer and price them accordingly.

### Why is it more realistic?

It is a well-established fact that digital behaviour speaks volumes about a person. In fact, this is why recruiters are increasingly scanning your social media profile before hiring you. The same holds true for insurers as well. In fact, they have the wherewithal to go beyond scanning social media and analyze things like how much time did you spend on searching the product and accordingly make an offer. For instance, if the consumer has taken up a lot of time researching about product offerings, it essentially reflects that they are price conscious and prefers value in comparison to those consumers who make the purchase immediately. Similarly, if the consumer is focused on asking questions regarding the benefits they are entitled to through their insurance product for a specific type of disease, the probability of the consumer being affected by such events directly or indirectly escalates manifold. In fact, even if the customer denies any personal affiliation with these diseases, the follow-up questions can easily decipher if they are speaking the truth or not.

### Consumer benefits, yes. But How?

Using the inferences derived from analyzing customers digital and voice behaviour, the insurers are able to draw inferences and profile the consumer accordingly to establish the risk associated with insuring them. This subsequently results in saving for the cost-conscious consumer and enables the industry to offer them more personalized service. Furthermore, it also substantially reduces the possibility of insurance frauds ultimately resulting in a win-win situation for the industry at large and the consumers as well.

### To sum up:

To conclude, I would like to reiterate that the tech is always evolving and the industry should leverage these disruptions to move towards a more inclusive pay as you use model. If truth be told, the next round of customer onboarding to drive growth in the insurance sector will be fueled by the ability of the industry to incentivize the consumers. The mantra remains the same – 'Evolve or Perish'.

*(The writer is Rahul Agarwal.)*

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***PMC Bank crisis: It's time to massively increase depositor insurance - Financial Chronicle - 8th October 2019***



The Punjab and Maharashtra Cooperative Bank (PMC) scam points to the urgent need to massively increase the depositor insurance cover from the present Rs 1 lakh, says a report.

The Deposit Insurance & Credit Guarantee Corporation (DICGC) insures each depositor in a bank up to a maximum of Rs 1 lakh for both principal and interest as on the date of liquidation/cancellation of the affected bank's licence or from the date of amalgamation/merger.

Last month, the Reserve Bank had imposed a slew of restrictions on the urban cooperative bank PMC for six months, after finding serious irregularities, including hiding of bad loans to bankrupt real estate developer HDIL.

The curbs included withdrawal limit at Rs 1,000, which was later increased to Rs 25,000 per depositor, ban on lending and accepting fresh deposits.

The PMC crisis has brought to the fore the need to increase the deposit insurance coverage provided by the DICGC.

It can be noted that there has been repeated call from the industry to do away with the law protecting the depositors and the present government had tried twice in the past five years to whittle it down but abandoned the plan due to resistance from the Opposition benches.

"The current upper limit of Rs 1 lakh per depositor, we believe, has outlived its shelf life and there is a need to revisit it," SBI's Research said in a report Monday.

The report said the DICGC coverage should be revised and bi-furcated into two categories--desirable coverage of at least Rs 1 lakh for savings deposits which are around 90 percent of total accounts, and a desirable coverage of at least Rs 2 lakh for term-deposits which are around 70 percent of total accounts.

There should also be a separate provision for senior citizens, the report added.

This revision in the DICGC coverage becomes all the more desirable as the country offers no social security to senior citizens/retired people who thus mostly keep their savings in fixed deposits, it said, adding there are also many small savers who have fixed deposits with the same intent.

"In the extreme event of a bank failure, it is unfair if such hard earned money is forfeited," it said.

Depositors must get an incentive to spare a part of their total deposits to buy bank bonds that provide guaranteed coupon rates on a half yearly basis and is tax-free.

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***Dire need to revisit deposit insurance coverage, says SBI report - The Hindu Business Line - 7th October 2019***



There is a dire need to revisit the insurance coverage of the bank deposits as over the years the percentage of assessable deposits has declined from a high of 75 per cent in FY82 to 28 per cent in FY18, according to a study by State Bank of India's economic research department.

deposit insurance in India, the study said.

The recent Punjab and Maharashtra Co-operative bank crisis has again raised the question of

"In particular, the current upper limit of ₹1 lakh per depositor, we believe, has outlived its shelf life and there is a need to revisit it. Further, over the years, the composition of the Bank deposits has undergone massive changes in India," as per the Bank's Ecowrap report.

In this backdrop, the report suggested that the DICGC (Deposit Insurance and Credit Guarantee Corporation) coverage should be revised and bi-furcated into two categories: 1) desirable coverage of at least ₹1 lakh for Savings Bank (SB) deposits (around 90% of the total SB accounts) and 2) advisable coverage of at least ₹2 lakh for Term Deposits (about 70 per cent of the total TD accounts). There should also be a separate provision for senior citizens.

This revision in DICGC coverage becomes all the more desirable in the Indian context, where senior citizens / retired people have no social security in place and mostly keep fixed deposits for earning interest income, said Soumya Kanti Ghosh, Group Chief Economic Adviser, SBI.

Apart from this, it is also suggested that depositors should get an incentive to spare a part of their total deposits to buy Bank Bonds that provide guaranteed coupon rates on a half-yearly basis and are tax-free.

Ghosh emphasised that this will herald a new paradigm in the Indian deposit banking sphere since tax-free and guaranteed payments of a certain income will do much to encourage depositors to come forward with offers to provide a part of their savings in exchange for the shares in the banks.

Referring to the Government introducing “The Financial Resolution and Deposit Insurance (FRDI) Bill” in the Parliament in 2017 but withdrawing it in 2018 due to the bail-in clause and mass protest across the country, the report said: “We believe that Government should again promulgate the FRDI bill without the “bail-in” clause since, in India, the average income of a vast majority of depositors is modest.”

### **NCLT like a framework for NBFCs**

As far as the currently persisting problems in the NBFC (non-banking finance company) sector are concerned, the time has now come to think of an NCLT (National Company Law Tribunal) like the framework to enhance the investor confidence and thereby provide the much-required fillip to the lending to the NBFCs, the report said.

However, this must be done in conjunction with identifying NBFCs with a weak balance sheet and working on a quick resolution. This could be by facilitating an ownership change or bringing in a financially stable promoter.

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## **INSURANCE REGULATION**

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### ***IRDAI form working group to revisit the product structure of title insurance – Mint – 7th October 2019***



One of the sections under Real Estate (Regulation and Development) Act, 2016 made it mandatory for real estate promoters or developers to obtain a title insurance policy before launching a project. Under title insurance policy a home buyer is protected against possible loss due to defects in title of a property, disputes or frauds.

After RERA came into existence, few general insurance companies started offering the title insurance products. However, product features—terms and conditions, scope of coverage and so on—differ based on the support received from their reinsurers. In a circular

dated 1 October, Insurance Regulatory and Development Authority of India (IRDAI) stated that, “It is noted that the number of Title Insurance policies sold are minimal despite the availability of product for the last one and half years and the obligation cast in terms of Section 16(1) of RERA.”

The circular further stated that the feedback received from the Government of India reveals that the stakeholders, especially the developers’ associations have flagged the need for standardization in the Title Insurance products.

“There are various problems that developers face in order to obtain title insurance policy. One of the main issues is that title’s in India is not clear, in many cases details on the registry papers and the one in revenue records are the two different things,” said Niranjan Hiranandani, national president, National Real Estate Development Council (NAREDCO), a real estate developer association.

Developers also say that policy terms and condition is not clear, so does the process of obtaining and transfer of policy to home buyer association or society.

“I have not seen any policy so far which covers all that is required under RERA. Some policy offer coverage for 5 years, some for 7 years and then stop there. Next issue is that, developer is required to pay the premium till conveyance of the land to society, thereafter what will happen? Who will pay the

premium? There are no clarity on these and many other aspects of policy," said Suhas Merchant, chairman, Rera Committee, Confederation of Real Estate Developers Association of India (CREDAI), a real estate developer association.

Based on the feedback received, IRDAI has set up a working group on 'Title Insurance' to revisit the product structure of Title Insurance.

The terms of reference for the working group includes—examining the legal and regulatory framework in place and its impact on the marketability of Title Insurance in India. They will also study the structure of Title Insurance products available in the current Indian market and analyse the reasons for sluggish demand. Also, working group will develop a standard title Insurance product suitable to Indian market and recommend measures to spur the demand for the product. They are also required to suggest augmentation of reinsurance capacity within the domestic market and examine any other aspect relating to Title Insurance products in India.

The group has been given twelve weeks time to give its recommendations.

*(The writer is Ashwini Kumar Sharma.)*

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## LIFE INSURANCE

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### *Will 'Sabse Pehle Life Insurance' make a mark? - Mint - 14th October 2019*



In March 2017, the Association of Mutual Funds of India (Amfi) launched a campaign with the tagline Mutual Funds Sahi Hai, which is seen as hugely successful, with more and more people buying funds. The insurance industry has now come up with a similar campaign, Sabse Pehle Life Insurance, with an eye on boosting penetration. Industry body Life Insurance Council announced the campaign last week to increase awareness and help people understand the true purpose of taking life insurance.

Insurance penetration in India continues to be one of the lowest globally at 3.69%, according to the FY18 annual report of Insurance Regulatory and Development Authority of India (Irdai). Between FY15 and FY17, life insurance penetration in the country was a flat 2.7%. The complex nature of the product with a host of terms and conditions is one of the biggest reasons why the product is not bought in large numbers.

In a press release announcing the launch of this campaign, V. Manickam, secretary General, Life Insurance Council, said the slogan Sabse Pehle Life Insurance comes from the cultural nuance in India where the elders have always stressed on giving what's most essential the top-most priority. "When launched, the campaign will use a combination of advertising, media coverage, on-ground activation, and digital and social media initiatives to ensure extensive outreach. The slogan is being presented in all major Indian languages such as Tamil, Telugu, Kannada, Malayalam, and Bengali which will help increase its visibility and bring recall value," Manickam told Mint.

#### **The task ahead**

The council will have to take up various measures to increase awareness about the product. "The main challenge is in making people aware why it is a must to have life insurance policy. It needs to be highlighted that life insurance is the only way to ensure your family is financially secure and protected in case of any eventuality," said Rakesh Goyal, director, Probus Insurance, an insurance broker. We need

products with more clarity in policy wordings and a simple purchase process, he added. Goyal said the need for taking term plans need to be brought to the forefront the same way motor insurance is. With the implementation of the amendments to the Motor Vehicles Act, not having a motor insurance can attract a hefty penalty.

A term plan is a pure life cover which provides coverage for a defined period of time. It is the cheapest form of life insurance as it doesn't double up as an investment product. In case the policyholder dies before the plan expires, the nominee gets the death benefit. People are becoming aware about health insurance too because of rising healthcare costs. "Life insurance still hasn't got the attention it deserves," said Goyal.

One of the biggest problems is the fact that people look at life insurance only as a tax-saving tool rather than a protection plan. Vishal Dhawan certified financial planner and founder of Plan Ahead Wealth Advisors, said another reason why life insurance penetration is low is due to the lack of willingness to buy or invest in something with a long-term perspective.

With this campaign, the council has an opportunity to segregate life insurance products based on protection and protection-cum-investment products. "The council should encourage simple documents explaining benefits and risks in significantly legible font size similar to the ones that come with credit cards where all terms and conditions are stated clearly. A significant push towards using life insurance as a pure protection plan is a good first step," said Dhawan.

Goyal said the fact that a similar campaign (Mutual Funds Sahi Hai) has gained massive popularity for another financial product is a sign that such campaigns are a great initiative and a sure way to reach out to people. Amol Joshi, founder, Plan Rupee Investment Services agreed, saying the Amfi campaign over the last couple of years has helped deepen the acceptance of mutual funds as investment products; so a similar campaign for life insurance could help increase life insurance penetration. "Mutual funds have now become synonymous with SIP (systematic investment plan).

I've heard people saying they don't want to invest in mutual funds but want to invest in SIPs without realizing that SIPs is only a medium of investing in mutual funds. But still, it's pushing people to invest. Insurance industry needs a similar template and they can achieve this by starting with term plans," said Joshi.

With life insurance products easily available from 24 insurance companies, it is not the availability but the lack of awareness that is a problem. "Through this campaign slogan, we hope that Indians understand the essentiality of life insurance in their lives and opt to first build this shield of protection by securing their financial future and then build a robust financial plan," said Manickam. There's low financial literacy about the benefits of protection-focused insurance plans, said Dhawan. The lengthy paperwork is also a huge deterrent, he added. Term insurance is a must-have cover for anyone who has financial dependants. It secures your family at minimal cost.

*(The writer is Disha Sanghvi.)*

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Source

***When the going gets tough after divorce, Life Insurance keeps you going - DNA - 9th October 2019***

Anyone going through a divorce will never have imagined an institution as 'eternal' as marriage could come to an abrupt end. Yet, here we are, staring at a shocking 122% shoot in divorce rates as on 2014, in the Mumbai metropolis alone.

When it comes to financial decisions, Indian women especially, often let the men in their lives make choices for them. Accustomed to 'outsourced assistance', a recently divorced woman could have a hard time taking stalk of financial planning which sits well with her newfound single status and future. This consideration becomes especially critical if there are children or dependant parents involved.

Irrespective of the levels of savviness in the matters of finance, a term-plan life insurance figures as the hygiene step towards fulfilling financial responsibilities that now single-handedly fall on the woman's shoulders.

#### FIGHTING IT OUT

Irrespective of the levels of savviness in the matters of finance, a term-plan life insurance figures as the hygiene step towards fulfilling financial responsibilities that now single-handedly fall on the woman's shoulders.

Particularly in cases where women find no need for life insurance because they have no dependents, she may have rationales in place to invest in options such as unit linked insurance plans (ULIPs) or mutual funds

Particularly in cases where women find no need for life insurance because they have no dependents, she may have rationales in place to invest in options such as unit linked insurance plans (ULIPs) or mutual funds – determined mostly by the proclaimed plum returns. But we can all agree your investment choices, aspiring for returns while you're alive, is no reason for your kin or relatives to be paying off the loans or taxes you had incurred, after your passing.

A pure term life insurance plan, being part of your investment portfolio mix will guarantee such a situation never arises, in the event of your unfortunate death.

As mentioned earlier, having a term-plan is more of a duty if there are children or other loved ones financially dependent on you. Your prudent foresight will come to your family's aid in the form of the insurance pay out they will receive, should you pass on. This will shield them from today's sky-high cost of living and keep them afloat, in your absence.

Dreary as divorce is, not to mention the emotional havoc it wreaks into most lives, it's certainly a reality of the so-called 21st-century-living. It does not just come with the myriad financial vulnerabilities; it involves a complete rethink to every area the woman's very life, extending far beyond how her wallet is impacted. Add to that, the uncertainty of ones' lifespan itself.

As you can appreciate, there is no cover against the emotional turmoil of dissolved marriages or death. However, life insurance can take some unpleasantness away from the whole situation for all practical reasons.

*(The writer is Rushabh Gandhi.)*

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***How life insurance can offer dual benefit of assured returns and protection – DNA – 7th October 2019***



22-year-old Rajiv completed his engineering and has been working with an MNC for the past six months. However, his interest inclines towards photography, and like most millennials Rajiv wishes to retire by 40 and pursue his passion. For his dream to be realised, he needs to pay off his education loan, have enough savings as a fallback option and a minimum corpus of Rs 1 crore. While Rajiv has started evaluating several financial instruments, how should he manage his finances to get guaranteed returns?

Most of us invest our hard-earned money to fulfill our goals. However, in today's economic scenario, it has become really difficult to ascertain that your savings or investments will be able to meet your non-negotiable goals. Is there any instrument that can guarantee its return and that too at a competitive rate?

To bridge this gap and meet the requirement, life insurance offers a solution that not only gives assured returns but also provides financial protection or life cover. Such plans are known as guaranteed life insurance plans.

### **Do you need it?**

The guaranteed return benefits of such policies act as a striking proposition for those who intend to get assured returns on their savings. The guaranteed plans offer returns as promised. In most of these plans, the insured pays the premium for a certain number of years and obtains guaranteed returns for the remaining of the policy term. While the life insurance coverage remains for the full duration of the policy, such plans are appropriate for people who prefer stability over volatility.

#### **DOUBLE EDGE**

In these plans, the insured pays the premium for a certain number of years and obtains guaranteed returns for the remaining of the policy term.

The insurance cover provides a death benefit in case of the unfortunate demise of the insured during the policy term.

Another striking feature of the plan is that individuals can choose tenures to match investment goals. If you need a specific amount for milestones such as your child's education, down payment for property purchase or your retirement, these plans can offer you returns that are fixed and guaranteed.

### **Assured return with protection**

By virtue of being a life insurance solution, the guaranteed return plans, besides offering assured returns, provides the dual benefit of protection. The insurance cover provides a death benefit in case of the unfortunate demise of the insured during the policy term. In such a case, the nominees not only receive the guaranteed amount accumulated until the said duration, but also the defined policy sum assured as a lump sum. The cover comes in handy as the guaranteed payouts act as a steady income for the beneficiaries.

The long-term lock-in periods, higher tax savings, continuous cash flow and higher returns on investments are few of the other advantages of such guaranteed return policies.

### **How to opt for the most suitable guaranteed return plan?**

One must purchase any financial instrument post thorough analysis of their and their family's income, savings, financial obligations, goals, and future requirements. A guaranteed plan must be selected after due comparison with various available options and post evaluating your retirement plan and future financial goals. Some guaranteed plans offer the flexibility to choose the policy term and enhance your insurance cover with suitable rider options, in case your goals evolve during the policy term and require more corpus.

### **Strengthen your plan with a waiver of premium rider**

It is always prudent to take into account all probable risks. What if you are unable to pay your premiums due to accidents or serious illness? Will the failure to pay life insurance premiums result in annulment of coverage or impact your return?

Generally, insurance policies are inclusive of the premium waiver clause, but in some cases, a nominal extra fee is to be paid to attain a waiver of premium benefit. The waiver of premium rider is helpful in the occurrence of any emergency resulting in a total or substantial loss of income to the insured. In such a case, the policy will not lapse even if the payment of premiums ceases.

A guaranteed return life insurance plan is definitely suitable for risk-averse customers who are accustomed to traditional modes of investment, as they have an opportunity to earn higher and guaranteed returns. Even for risk-taking customers, investing in equities can invest a portion of their corpus, given the current volatility in the markets. The money is guaranteed so there is no fluctuation. This indeed takes away a lot of stress for the policyholder while offering the dual benefits of assured returns and a life cover.

*(The writer is Parag Raja.)*



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***Insurers need to illustrate benefits clearly from December 1 – DNA – 7th October 2019***



Insurance Regulatory and Development Authority of India (IRDAI) has issued new rules aimed at preventing mis-selling of insurance products while also increase transparency.

Effective December 1, 2019, it will be mandatory for life insurance companies to clearly describe/ elaborate/ state all the benefits of the insurance product in the policy document.

Accordingly, returns guaranteed in non-liquid products will have to be clearly disclosed in the policy document. Not just that, the policy document will have to give minimum return projections that can be expected as well as the final amount that any buyer (of the insurance product) will get in case of maximum returns from the product.

**UP AND CLEAR**

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The document will have to give minimum return projections that can be expected as well as the final amount that buyer will get in case of maximum returns from the product

Anil Kumar Singh, chief actuarial officer, Aditya Birla Life Insurance, said the new rules by IRDAI will stop mis-selling while also ensuring that the policyholders are provided with all the correct/ authentic information related to the product. "Implementing this may pose some challenges for the insurance companies in the short-term. However, the move will prove very beneficial for the sector in the long run," he said.

Various factors are required to be considered while arriving at the final number as far as returns for linked products is concerned. However, as per the statutory body, it is now mandatory to disclose the amount a policyholder will get based on 4% and 8% return calculations during a specified timeframe of the policy.

The primary objective behind giving out the projections, as per Irdai, is that the policyholder should know how much will get invested and what are the returns like against it, at the time of buying the policy.

Insurance products linked with the stock market tend to be risky making policyholders regret their decision at a later stage. However, not every insurance agent/ advisor will now be able to sell unit-linked insurance plans (ULIPs). These products can be sold only after special training from the insurance company that will have to be compulsorily provided every year.

The policy document will have to clearly describe, in bold letters, all the details and benefits related to the product. The insurance company will be required to get the document signed/ acknowledged by the policyholder and seek his/her consent while also stating that s/he has been informed/ explained about all returns related information about the product being sold.

In the case of policies sold online, all the information will have to be disclosed on the main page. Providing hyperlinks for giving out detailed information will not be acceptable anymore. Additionally, it will be mandatory to share detailed information with the policyholder on his/her registered email address.

*(The writer is Anurag Shah.)*

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Source

### ***Irdai moves to make sale of life covers transparent - Mint - 6th October 2019***



When it comes to life insurance, the threat of misselling is ever-present, given the complex nature of products. The Insurance Regulatory and Development Authority of India (Irdai), which has taken several measures to control this in the past, recently announced another set of guidelines for life insurance companies to improve transparency and protect the interests of the policyholders against mis-selling.

The Irdai circular mentions the provisions life insurers must follow to ensure fair sales process with relevant disclosures. Note that these provisions are modified versions of the existing regulations with some more details and updates. We tell you what these are and how will they impact policyholders.

#### **Suitability info**

Irdai has asked life insurers, agents and intermediaries to collect suitability information of every prospective policyholder and make product recommendations accordingly. However, this does not apply to pure risk and pure health products. According to the circular, the information will include details such as age, income, family status, life stage, financial goals and the already held insurance portfolio.

The online sales process will also have to capture this information, but insurers may give the option to the buyers to bypass the suitability module after taking due declaration. Puneet Nanda, deputy managing director, ICICI Prudential Life Insurance Co. Ltd, said the suitability information clause will ensure a need analysis is conducted for every customer and products are matched with their needs. In case of Ulips, the agent will have to clearly indicate how the premium paid is appropriated towards various charges from the unit fund and the balance fund at the end of the first year and subsequent years.

Regulations stipulate that each insurer must have a policy to ensure product suitability for specific customer profiles, said Abhishek Bondia, principal officer and managing director, SecureNow.in. The solicitation person has to work within this framework. "The paperwork to ensure compliance has to be made retrievable. This will ensure that last-mile information distortion will go down substantially," said Bondia.

Ulips are complex products with multiple allocation options across low- to high-risk funds. "It is important that the customer's background, goals and expectations are understood well, before the right plan and fund allocation is advised. The regulator has rightly made it mandatory for insurers and intermediaries to understand the profile, needs and goals of the policyholder, before advising any specific investment plan," said Mahavir Chopra, director, health, life and strategic initiatives, Coverfox.com, an online insurance marketplace.

## **Benefit illustration**

It is already mandatory for insurers to provide benefit illustrations. The regulations have now tweaked and standardized the format and have also insisted that a non-participating plan that offers guaranteed benefit carry a benefit illustration. "Benefit illustration is a customized snapshot of a life insurance plan for the customer to understand the overall terms of the product category and plan in question, including premium payable and frequency, duration, surrender value, details of all charges that will be deducted from the investment made, etc. The document can help the customer get clear visibility of how each paise in their investment will be used and invested," said Chopra.

The benefit illustration is required to be signed by the prospective policyholder as well as the agent or the intermediary.

The regulator has asked insurers to ensure the illustration clearly distinguishes between guaranteed and non-guaranteed benefits in a product and also mentions the quantum of benefits that come with non-guaranteed products. Bondia said various types of life insurance products, including non-participating non-linked products, will now have to provide a detailed benefit illustration. "There would be more consistency in the presentation of benefit illustration with greater transparency on guaranteed and variable benefits," he said.

These guidelines are applicable from December. "The guidelines will help better readability of all applicable charges, year-by-year fund value at assumed growth rates of 4% and 8%, surrender value and life covers," said Tarun Chugh, managing director and CEO, Bajaj Allianz Life Insurance. Also, now benefit illustration will include the net yield, which will be more representative of the returns. "This will be arrived at after deduction of mortality, rider, premium allocation and other fund management charges from the gross yield," said Bondia.

In case of online sale of policies, customized benefit illustration shall be generated before the buyer is directed to fill the form or pay the premium. Portals operated by insurance companies and intermediaries will have to prominently display the benefit illustration. "Benefit illustrations can no more be a mere hyperlink in the journey. Customers will now move forward with the purchase process only after they have accepted the illustration. It will be sent to the customers on their registered email address before the payment of the advance premium," said Chopra.

Note that this is not applicable for policies issued under Irdai's (Micro Insurance) Regulations 2015, Guidelines on Points of Sales (PoS)-Life Insurance Products, 2016 and Irdai (Insurance services by Common Service Centers regulations) Regulations, 2019.

## **Periodic statements**

Life insurers have been asked to compulsorily verify contact information such as email ID and mobile number of policyholders every year and update the changes, if any.

They have also been asked to send a status report of their policies at least once every year. The report must disclose the premium payment status, accrued bonus and other benefits, and paid-up value.

Ulips shall mention the units to the credit of the policyholder, fund value at the NAV (net asset value) applicable and changes in the number of units from the last issued status report. "Having the latest contact information of policyholders will ensure they receive regular updates on their policies. It will ensure that the customer receives all communication. For example, vesting date and options thereof," said Nanda. For linked and non-linked products, fund statements were given annually, and the practice will continue.

## **Pension products**

Pension products issued by insurers shall disclose an illustrative target purchase price which is essentially the amount policyholders would accumulate, considering premium payment capacity, age and vesting age. Insurers must also disclose the possible risks involved in purchasing the targeted pension or annuity rate. An annual report indicating the current accumulated or available amount, expected accumulated value on the date of vesting based on gross returns and the likely annuity amount based on

then prevailing annuity rates must be disclosed, said the Irdai circular. Except for yearly disclosure, all rules for these products are effective immediately.

### Training of agents

Insurers have been asked to ensure they impart periodic training to agents and intermediaries before they are allowed to sell Ulips. "The regulator has emphasized on agents and intermediaries having a sound understanding of equity markets, including the risks involved, before they give advice to policyholders. This, if done right, can significantly improve customer experience," said Chopra.

With these modifications and certain new regulations, Irdai seems to be doing all it takes to make life insurance products less complicated and the purchase process more transparent.

*(The writer is Disha Sanghvi.)*

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## GENERAL INSURANCE

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### *Travel cover rule rejig - The Telegraph - 9th October 2019*



The insurance industry regulator has come out with new guidelines on travel insurance that makes it optional for travellers to buy policy coverage while booking a tour package online.

"Insurers shall ensure that any portal or app providing the travel insurance coverage shall not pre-select the option of buying travel cover as the default option.

The prospect shall be able to specifically choose whether or not to buy the coverage," IRDA said in a circular on travel insurance products and operational

matters.

The insurance company providing the cover would have to display the benefits, terms and conditions on the booking screen and make a provision for the policyholder to affirm whether he has understood the same.

"Where selected to buy, an option shall be provided for opting out or de-selecting the option before concluding the transaction," the circular said.

Name of the insurance company which is offering the cover and the amount of premium have to be disclosed as cost of travel cover. Rate of tax applicable to the premium also has to be specifically disclosed.

Travel insurance is typically packaged as part of the total travel cost and individuals booking often have no choice to opt out or to understand the details of what is actually covered. According to industry officials the move will curb mis-selling of travel insurance.

The regulator has said that the insurers would have to put in place procedures to verify that at least once in a period of three months, policies offered are complying with norms.

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## HEALTH INSURANCE

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### ***Doctors demand inclusion of dental issues in health insurance schemes – The Hindu – 11th October 2019***



Pointing to the large portion of the population suffering from different kinds of dental issues in the country, Sudheendra Deshpande, Sachin Deshpande, Sumeet Deshpande, Jeevanand Deshmukh and Shubha Deshpande, dentists, demanded that the Union and State governments help cover dental issues in their health insurance schemes. Addressing a media conference here on Wednesday, they said that most of the developed countries did cover dental issues in their insurance schemes.

“An overwhelming majority of the people in India, between 92 % and 95 %, faces dental problems once or at other times in its lifetime. Around 45 % of the people are found affected by one dental issue or the other at any given point. Yet, neither the public sector health insurance companies nor private sector health insurance companies cover them in their insurance schemes,” Dr. Deshmukh said.

Adding to the point, Dr. Sachin Deshpande said that around 65 % of children between 2 and 12 are affected by dental problems in South India. “Considering the severity of the problem, we urge the government to take steps to include dental problems in health schemes. The public sector should take the lead by expanding the ambit of health schemes such as Ayushman Bharat and Arogya Karnataka to cover dentistry,” he said. Dr. Sachin Deshpande held that the inclusion of dental problems in the insurance package with appropriate terms and conditions would automatically reduce the problem as could be seen from the experiences of the West.

“Routine dental check-up at a regular interval has been made mandatory for all those who are covered under dental health insurance in most of the developed countries. Those who fail to comply with the rule would get their insurance cancelled immediately. To avoid expiration, people do visit dental clinics and get their teeth examined. Such regular check-up help doctors in preventing dental problems, diagnosing them in the early stages and addressing them effectively,” he said.

#### **Ultra-modern facilities**

Acknowledging the rapid expansion of dental health infrastructure in Kalyana Karnataka region, Dr. Sudheendra said that ultra-modern dentist services which were limited to metros earlier were now available in Kalaburagi as well. “Deshpande’s Shree Multispecialty Dental Clinic and Implant Centre offers all the advanced dental treatment services such as painless laser-assisted single-sitting root canal treatment, under rubber dam isolation using microscope, electronic apex locator, rotary files and element obturation system for 3D filling of root canal, dental implants, among others,” he said.

  
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### ***World Mental Health Day 2019: It is time to talk about your mental health – Financial Express – 10th October 2019***

If you have ever in your life heard about the term ‘mental health’ and have thought it doesn’t bother you, you may just want to keep reading. While the information around mental health and mental illness may have existed for several decades, the real conversation has now become far more open and relevant, and for all good reasons. As per most experts, mental illness can affect anyone any day of the year. Considering the fact that we celebrate a World ‘Day’ for almost anything and everything possible,

dedicating a day for 'World Mental Health' feels significantly relevant and worthy of utmost attention. Not to miss, mental health problems are one of the main causes of disease and death burden globally. In India, approximately one in four people experience a mental health problem each year and they range from common problems, such as depression and anxiety, to rarer problems such as schizophrenia and bipolar.



World Mental Health Day is organized every year on the 10th of October by the World Federation for Mental Health. The day provides an amazing opportunity for all to raise awareness around mental health issues and advocate against the social stigma that surrounds mental health. The day even provides an opportunity to add to the wider conversation that occurs on various social media channels, television and elsewhere.

This year, the theme for World Mental Health Day is 'Suicide Prevention'. WHO believes it is important to emphasise on suicide because around 8,00,000 people die due to suicide every year, which means one person every 40 seconds.

Experts believe suicide is a global phenomenon and occurs throughout the lifespan and it is important to implement effective and efficient interventions to prevent suicide and suicide attempts throughout the globe.

Most importantly, it isn't just about the awareness around mental health, most people restrict themselves from disclosing mental illness just because of the disgrace surrounding the topic. As per a recent media report, over 55 per cent of Indian adults suffering from mental illness do not receive any treatment throughout their lives just because they do not disclose they are suffering from any mental health related illness.

Considering the current situation and in order to promote awareness around mental health, the Insurance Regulatory and Development Authority of India (IRDAI) has made it mandatory for all health insurers to provide adequate coverage for mental illnesses and related ailments in the regular health insurance policy.

The regulator further made it clear that insurers now cannot deny coverage to policyholders who have used opioids or anti-depressants in the past. With the new law in place, the insurers now cannot deny coverage to customers with a proven history of clinical depression, personality or neurodegenerative disorders, sociopathy and psychopathy.

With the latest announcement, IRDAI aims at making mental healthcare available to all. In line with the directions of IRDAI, insurers have started customizing products that cater to the specific needs of people suffering from mental illnesses.

Two prominent insurers, Reliance Health Insurance Company and Max Bupa Health Insurance, have already introduced health plans which are specifically designed for people suffering from mental illnesses.

Max Bupa's Health Pulse Plan provides cover for treatment of Mental Disorders. The customers are covered up to the entire sum insured. For now, the plan is restricted for treatment of patients residing in tier 2 and 3 cities. However, eventually the plan will also cover people residing in tier 1 cities like Delhi, Kolkata, Mumbai and Chennai. Similarly, HDFC Ergo's Critical Illness Plan – Platinum covers a popular mental disorder – Alzheimer, among 15 other critical illnesses.

*(The writer is Amit Chhabra.)*

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Source

## Health insurance policies now cover mental illnesses - Mint - 9th October 2019



For the longest time, mental illnesses never got the attention they deserved. It took celebrities such as Deepika Padukone and Ellen Degeneres to speak out about battling depression for the masses to understand how a mental illness can take a toll on a person's everyday life. Even Todd Phillips' much talked about film Joker delves deeper into this subject. The film's protagonist is a man dealing with mental and neurological problems who eventually turns into a criminal.

With all the attention that mental health is finally garnering, it became imperative for the Insurance Regulatory and Development Authority of India (Irdai) to work towards bringing mental illnesses within the scope of health insurance. Irdai recently released the guidelines on standardization of exclusions in health insurance contracts which states that treatment of mental illness, stress or psychological disorders will no longer be allowed as exclusions in health insurance policies. The Mental Healthcare Act, 2017, which was implemented last year directs every insurer offering health insurance products to cater to policyholders with mental illnesses the same way they cater to physical illnesses or injuries.

### What is covered?

The Mental Healthcare Act, 2017, defines mental illness as a "substantial disorder of thinking, mood, perception, orientation or memory that grossly impairs judgment, behaviour, capacity to recognize reality or ability to meet the ordinary demands of life, mental conditions associated with the abuse of alcohol and drugs, but does not include mental retardation which is a condition of arrested or incomplete development of mind of a person, specially characterized by subnormality of intelligence". Any policyholder who has a mental condition that falls under the above mentioned categories can file for a health insurance claim.

The Mental Healthcare Act, 2017, states that every person with mental illness will be treated as equal to persons with physical illness when it comes to healthcare, including health insurance. The regulator has also prescribed standard wordings for health insurance exclusions in order to remove ambiguity which could result in a policyholder's claim getting rejected.

### What it means

Health insurance will now cover treatment for mental illness, stress or psychological and neurodegenerative disorders, apart from other physical ailments. But whether a policyholder would be covered only for hospitalization or also for OPD (out-patient department) services would depend on the kind of the policy purchased. The guidelines say an insurer cannot discriminate an illness in being mental or physical. So if a policy covers physical illness for hospitalization, then it will also have to cover mental illness for hospitalization. Similarly, if the policy covers OPD expenses for physical illness, then the same would apply for mental illness too. Note that, typically, health insurance policies do not cover out-patient care but some insurers are now offering certain products that include OPD as well.

It's advisable to read the fine print and understand the inclusions and exclusions of your policy before filing a claim.

It's also important to understand that inclusion of mental illness doesn't mean an insurer is liable to insure persons with pre-existing mental conditions. It simply means that if the insurer does decide to cover a policyholder in the future after the waiting period window, it cannot deny a claim. Similarly, if an individual is diagnosed with a mental illness subsequent to buying a health insurance policy, the insurer cannot reject the claim.

*(The writer is Disha Sanghvi.)*

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## **14 States to lose over ₹440 crore for not meeting National Health Mission norms – The Hindu Business Line – 9th October 2019**



Up to 14 States will pay dearly for not upgrading their health infrastructure in line with the demands of the National Health Mission being steered by the Ministry of Health.

They will lose a substantial 20 per cent chunk of the funding from the Centre, over ₹440 crore, that had been tied to certain conditions.

Bihar and Madhya Pradesh are among the bigger

States to have suffered the most penalty.

The hill States of Uttarakhand and Himachal Pradesh, the north eastern states of Nagaland, Meghalaya, Sikkim and Arunachal Pradesh, the Union Territories of J&K, Lakshadweep and Delhi, and Goa and West Bengal will collectively lose over ₹440 crore for not performing well on immunisation, and falling short on parameters such as upgrading district hospitals, running of primary health centres, screening for non-communicable diseases (NCDs) among people over 30 years, availability of mental health services, and digitising human resources (HR).

“For the last few years, the Ministry of Health and Family Welfare (MoHFW) has been experimenting with linking at least a part of the budget to the agreed conditions being met to enhance performance and to focus on health sector reforms.

This is a step towards Result Based Financing (RBF) where the States could get more budgetary support if they performed well on the agreed indicators and may lose out part of the funding if they did not meet the set performance benchmarks,” said Manoj Jhalani, additional secretary, Ministry of Health.

“This meant that while 80 per cent of the resource envelope earmarked for the State would be certainly available, 20 per cent would depend on the State’s performance on agreed conditionalities. The States which do not fulfil the criteria could lose up to 20 per cent of funding under the NHM,” he added.

For example, of the 20 per cent incentive pool of ₹246.61 crore that Bihar was supposed to receive, a penalty of ₹155.75 crore will be deducted, and only ₹90.87 crore will be released.

In case of Delhi, while 20 per cent of the NHM fund accounts for ₹28.44 crore, up to ₹7.48 crore will be deducted and ₹20.96 crore will be available for release.

Apart from this, for 2018-19, 20 States and Union Territories were able to earn incentive.

For example, the incentive for screening 30-plus population for NCDs was earned by 23 States. This includes 11 which were able to screen more than 15 per cent of the 30-plus population, and therefore, earned full points. Seven have neither earned any incentive nor penalty against the set indicator.

Tamil Nadu has reported 100 per cent screening of 30-plus population, followed by Goa at 68 per cent and Daman & Diu at 57 per cent, while the lowest was reported by Bihar and Madhya Pradesh (1 per cent). Nil achievement was reported by Delhi and Lakshadweep Islands.

“Approximately ₹3,265 crore of the NHM funds were put aside for disbursement to the States on the basis of the performance of the States on the conditionalities,” the report released by NHM States.

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## **WHO to provide technical support for Ayushman Bharat – Mint – 9th October 2019**



The World Health Organization (WHO) will now provide technical support to India for government's ambitious scheme Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (AB-PMJAY).

Under the WHO-India Cooperation Strategy 2019–2023 announced on Wednesday, the apex health agency will support the union and selected state governments in implementing and scaling up the government's newly established and planned initiatives and programmes. As AB-PMJAY aims to

provide Universal Health Coverage (UHC), the WHO under its strategy will help in accelerating the progress on the front.

The WHO will help to turn the blueprints for Ayushman Bharat into action, starting in a few states. In these states, WHO will guide policy discussions and assist in designing, testing and evaluating the implementation of the PMJAY hospital insurance programme; the establishment of the new Health and Wellness Centres; and the setting up of linkages between these primary care facilities and higher levels of care to ensure continuum of care.

"The focus will be on equitable access and all aspects of health service delivery. The WHO will help in implementation of the Ayushman Bharat health sector reforms that are aimed at expanding access to quality primary health care services and providing financial protection for those requiring hospital care – to strengthening health systems, including human resources for health and electronic information systems," said Harsh Vardhan, minister of health and family welfare.

A key aim of WHO's support will be to identify and document successful models of service delivery, best practices and lessons learnt to inform the design of these reforms in other states. The WHO and health ministry officials will also be looking at the challenges in implementing the reforms. "Key challenges in implementing these reforms will include drawing people to the Health and Wellness Centres, given the poor utilization of public sector services in many areas, and developing workable referral systems to prevent PMJAY beneficiaries from bypassing primary care facilities altogether and creating bottlenecks in hospitals," the strategy document said.

"Attracting patients to the Health and Wellness Centres and other public sector primary health-care facilities will hinge on their ability to offer a range of high-quality services. Towards this aim, WHO will be supporting the development of a methodology for defining, coding and pricing of benefit packages based on local and global evidence and will support the Department of Health Research in conducting health technology assessment," the document said. "We are geared to step-up to leverage opportunities and address challenges to ensure maximum public health impact," Henk Bekedam, WHO Representative to India said.

*(The writer is Neetu Chandra Sharma.)*

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## **5 things to cheer in new health insurance rules - The Hindu Business Line – 9th October 2019**

There is good news for health insurance buyers. The Insurance Regulatory and Development Authority (IRDAI) has introduced a bunch of guidelines that is set to make health policies more comprehensive and policyholder friendly.

Insurance companies are allowed to sell their existing policies for one more year (till October 1, 2020).

But, here on, any new health product for the retail segment that insurers file with the regulator has to comply with the new guidelines. Existing holders of health policies need not stress out. At the time of renewal, their policies will be revamped in line with the new regulations.



Products compliant with the new norms will be in the market in three months, say insurers. The premium will be 10-15 per cent higher than the older policies, as they will be offering wider coverage, they add.

What do the new Guidelines on Standardisation of Exclusions in Health Insurance Contracts prescribe, and how do they help?

### **1 Cover extended for more diseases and conditions; genetic disorders covered**

Insurers had been excluding many lifestyle and genetic disorders from cover. Now, these have to be covered. Women can heave a sigh of relief — health insurance will now cover menopause-related issues, too. According to the new regulations, a health insurance policy cannot exclude the treatment of mental illnesses, stress or psychological disorders; puberty- and menopause-related disorders; genetic disorders and internal congenital diseases; speech disorders; and injury or illness associated with hazardous activity.

Yashish Dahiya, CEO & co-founder, Poliybazaar.com, adds that insurance companies are now required to also cover age-related ailments such as cataracts and knee-cap replacements. Insurers also cannot exclude diseases contracted after taking the policy. So, if a person is diagnosed with a chronic kidney disease a few months after the issuance of a policy, and the condition was not under permanent exclusion at the time of issuing the policy, the insurer has to cover it.

### **2 Existing diseases can be listed as permanent exclusions**

Insurance companies have been allowed to exclude diseases that are disclosed by a prospective policyholder as permanent exclusions under the policy with his/her consent. This will help people who would have otherwise been denied a policy get health cover for their other ailments. Currently, for instance, anyone with Parkinson's or Alzheimer's disease stands very little chance of getting a health cover. But, with the new regulations, insurers may come forward to cover such patients — they can list Parkinson's or Alzheimer's as a permanent exclusion and cover the individual for other illnesses.

IRDAI has also listed illnesses that an insurance company can incorporate as permanent exclusions. This checks insurers from excluding 'all and sundry' claims. The list includes epilepsy, congenital heart disease, cerebrovascular disease (stroke), chronic liver diseases (includes fibrosis, cirrhosis of liver and alcoholic cirrhosis of liver), pancreatic diseases, chronic kidney diseases (including renal failure and hypertensive renal disease), loss of hearing, hepatitis B, Alzheimer's disease, Parkinson's disease and HIV. Note that permanent exclusions can be incorporated only at the time of signing up for the policy; it cannot be done at the time of renewal.

### **3 Standard wordings of exclusions bring greater transparency**

An insurance policy often comes with much ambiguity over what is covered and what isn't. There is lack of clarity over certain terminologies used in health insurance, as they vary from insurer to insurer. This is now set to change. The regulator has given precise definitions to various jargons such as 'specified disease waiting period', '30-day waiting period' and 'excluded providers'.

Certain conditions have also been more clearly defined, such as obesity, refractive error, sterility, infertility and maternity. The guidelines now also define hazardous and adventure sports such as para-jumping, rock climbing, mountaineering, rafting, motor racing, horse racing, scuba diving, hand gliding, sky diving and deep-sea diving, though the regulator adds that the list is not exhaustive. The injuries resulting from these sports will be excluded from cover.

#### **4 After eight years of policy renewal, no claims shall be contestable**

If eight years have passed by after the policy was issued, and has been periodically renewed, the insurer cannot reject any claim on grounds other than fraud, says the new regulation. This is a big positive for the policyholder. But, will this new rule apply only if the policyholder had renewed the policy with the same insurer? Not necessarily, says, Subramanyam Brahmajosyula, Head - Underwriting & Reinsurance, SBI General Insurance. "As long as you have been renewing the policy continuously for eight years, you will be given the benefit of doubt," he says.

#### **5 Coverage for new treatment methods benefits policy holders**

To ensure that policyholders get the benefit of modern treatment methods, the regulator has listed some procedures that all insurers should cover. This includes balloon sinuplasty, deep brain stimulation, oral chemotherapy, immunotherapy, intravitreal injections, robotic surgeries and stem cell therapy, among others. IRDAI, however, gives freedom to insurers to impose sub-limits on these treatments.

*(The writer is Rajalakshmi Nirmal.)*

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Source

#### ***Exempt premium payable on group medical insurance of retirees from GST: AIBEA - The Hindu Business Line - 8th October 2019***

The premium payable on the Group Medical Insurance Policy by retired bank officers and workmen staff should be exempt from Goods and Services Tax (GST) as their basic pension has been virtually static, but the annual health insurance premium has been going up, according to the All India Bank Employees' Association.

There are more than 4.50 lakh retired bank employees and officers. Of this, the Association found that only about 1.50 lakh retirees are subscribing to the Group Medical Insurance Scheme.

"In view of the repeated increase in premium year after year, the number of subscribers have dwindled sharply and more and more retirees are going out of coverage of this well-intended scheme," said CH Venkatachalam, General Secretary, AIBEA.

He said the Association's plea for a portion of the premium payable by the retirees to be borne by the bank managements have not succeeded so far. Further, its representation for revision of pension on periodical basis has also not been accepted so far.

Hence, while the basic pension of retired officers and workmen staff is virtually static, the annual health insurance premium has been going up.

"In this background, it will be of great help and relief to these retirees/ senior citizens if the premium payable on the Medical Insurance Policy by the senior citizens is exempt from GST. We urge upon you and the GST Council to take a positive view in this regard," said Venkatachalam in a letter to Finance Minister Nirmala Sitharaman.

At present, retired workmen employees are covered up to Rs 3 lakh per year, and retired officer staff up to Rs 4 lakh. In addition, there is an option for additional top-up coverage of Rs 4 lakh and Rs 5 lakh.

"The retired employees are required to pay GST at the rate of 18 per cent on the premium amount and you will kindly appreciate that the GST amount is quite a burden for these senior citizens, who are getting a limited pension amount," said Venkatachalam in the letter.

The annual premium, including GST for retired workmen staff for a medical insurance cover of Rs 3 lakh has jumped from Rs 5,620 for the November 2015-October 2016 period to Rs 24,897 for the November 2019-October 2020 period.

The annual premium, including GST, for retired officers for a medical insurance cover of Rs 4 lakh has soared from Rs 7,598 for the November 2015-October 2016 period to Rs 33,193 for the November 2019-October 2020 period.

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### ***Health coverage to be wider, but costs may rise – Mint – 7th October 2019***



The Insurance Regulatory and Development Authority of India (Irdai) has put health insurers on a deadline to standardize exclusions, diseases or medical conditions that are not covered under a policy. According to an Irdai circular, issued on 27 September, insurers filing new products will have to comply with the guidelines—the draft was released in May 2019—with immediate effect. For existing products, Irdai has given insurers time till 1 October 2020. “Previously, there was no transparency about the claims that could be rejected.

However, the regulator has now pre-defined all diseases against which claims can be rejected,” said Indraneel Chatterjee, co-founder and principal officer, RenewBuy.com, a digital insurance company.

This may be good news for policyholders who overlooked exclusions or didn’t understand how they worked and got a shocker at the time of making a claim.

#### **List of exclusions**

The circular lists the exclusions that will no longer be allowed in health insurance policies (not including personal accident and travel covers). Diseases contracted after buying the policy (other than the conditions excluded for which standard wordings are prescribed by Irdai) cannot be excluded now. Injury or illness associated with hazardous activities will now be covered, but there will be exceptions. “This could be by way of an explanation to remove ambiguities. For example, if you work in an industry such as a high-rise construction site where there are inherent hazards, any injury or illness associated with such hazardous activities should be covered. However, if you choose to participate in hazardous sports activities such as bungee jumping, insurers can exclude injuries or illnesses arising out of such activities,” said Subramanyam Brahmajosyula, head, underwriting and reinsurance, SBI General Insurance Co. Ltd.

Also, if one’s decision-making ability is severely impaired by usage of drugs prescribed by a medical practitioner, the policyholder will get a cover. However, insurers are seeking clarity on this. “The possibility of exploitation by policyholders cannot be ruled out. The key here is ‘prescribed by a medical practitioner’. We would, therefore, have to trust the judgment of the doctor,” said Brahmajosyula.

Treatment for mental illness, stress or psychological and neurodegenerative disorders have also been brought under the purview of health insurance. But whether a policyholder would be covered with or without hospitalization for these conditions depends on the nature of the policy. “The guidelines say an insurer cannot discriminate an illness in being mental or physical. So if a policy covers physical illness only for hospitalization, then they’ll have to cover mental illness for hospitalization. Similarly, if the policy covers OPD expenses for physical illness then the same applies for mental illness too,” said Amit Chhabra, head, health insurance, Policybazaar.com, an online insurance aggregator.

The same rule applies to other illnesses listed by the regulator.

Modern treatment methods such as oral chemotherapy, balloon sinuplasty, deep brain stimulation, among others, will now be included. These treatments shall be covered either as in-patient or as part of domiciliary hospitalization or as day-care treatment in a hospital. “There are no restrictions on the sum insured to be chosen by the policyholder. A lower sum insured can also be given such a treatment based on the sub-limits as levied by the insurer,” added Chatterjee.

To encourage insurers to cover policyholders with pre-existing ailments whom they may not have otherwise covered, the new rules permanently exclude 16 pre-existing conditions, but only after taking the policyholder's consent. Some of these conditions include malignant neoplasms, epilepsy, cerebrovascular disease, valvular heart ailments, and chronic liver diseases, HIV and AIDS and Hepatitis

The regulations have also standardized the wording of exclusions, which are expected to be used verbatim. "This will enable product transparency between the insured and the insurer. Irdai has standardized all exclusions in one place and with specific terms for every exclusion with a relevant code. Each insurer is mandated to put the codes against each claim repudiation case. As a result, policyholder will know from day one about the types of coverage he can avail," said Chatterjee.

Irdai has also given specific definitions for excluding certain conditions such as obesity, cosmetic surgery, gender change treatments, birth control and infertility.

### What it means

Removal of ambiguity in exclusions and inclusion of modern treatments will widen the scope of health insurance, but this is likely to have an impact on premiums. "Including modern treatments is a welcome step. However, the procedures have to be utilized for indicated conditions only. This inclusion would have pricing impact on the basis of the increment in the procedure expenses," said Rashmi Nandargi, head, retail health, personal accident and travel underwriting.

Brahmajosyula said insurers would have to undertake a major review of their policy wordings and pricing. "Some of the modifications would impact policy terms and conditions and claims," said Nandargi. Shweta Jain, certified financial planner, CEO and founder, Investography Pvt. Ltd welcomes the move, but added, "If the claims go up substantially, we could see a rise in costs as well."

Watch this space to know how the changes pan out.

The writer is Disha Sanghvi.

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### *Have a heart for insurance - The Hindu - 7th October 2019*



It was just two months ago when Mridul, a marketing professional, from Kolkata, opted to undergo a casual cardiac-screening test under a health check-up camp organised by his employer. He still remembers sitting in his cabin and wondering if he would really be able to take out some time from his busy work schedule and go for the check-up. Today, he says. His decision to go for the check-up may have saved his life to a great extent.

A non-smoker and an avid runner, Mridul recalls he wasn't worried at all while taking the different tests. However, the results were shocking. During the examination, the doctors detected an irregularity in his heartbeat which warranted detailed investigation. Through a number of further tests, he got to know that he had mitral leaking valve disease with blood leaking into the wrong parts of his heart. Mridul said he never felt any pain in his chest and there were not any outward signs and this was really scary.

Soon, he underwent a keyhole surgery to repair the valve which cost him ₹3 lakh. Unfortunately, he was not covered under an individual health cover policy and his employer-provided health policy only covered expenses up to ₹1 lakh. To pay for the hospital expenses, he had to break his savings. Had he taken an individual health insurance policy, his savings would have been intact.

As per several reports, cardiovascular disease (CVD) is a leading cause of mortality worldwide as they contribute to over 17.5 million deaths worldwide every year. Unfortunately, Indians are 10 times more likely to die of CVDs than the rest of the world.

While the deaths due to CVDs have declined in the U.S., in India it has increased by over 34% in the last two decades. CVDs will be the largest cause of death and disability in India by 2020 as per a World Health Organisation report. This is because of the genetic make-up of Indians which is well documented in numerous epidemiological studies.

Another important reason why Indians are at the highest risk of CVDs is the consistent lifestyle change they have undergone over the last few decades. The change usually includes unhealthy lifestyle habits like reduced physical activity, poor dietary regime, excessive consumption of foods high in sugar, salt, saturated and/or trans fats. World Heart Day, which is celebrated on September 29 every year, is an excellent reminder for all of us to take a step back and start working towards ensuring a healthy heart. And why not?

Experts believe that at least 80% of premature deaths from CVDs could be avoided if the main risk factors — tobacco, unhealthy diet and physical inactivity — are controlled.

### **Massive expenses**

Working towards a healthy heart not only means living a healthy lifestyle but it also means keeping yourself insured against the massive expenses of unexpected onset of CVDs. Some of the most popular treatments for heart related ailments in India include hypertension, angioplasty and bypass surgery. Treatment of CVDs is costly in India's the person who needs to undergo an angioplasty or an open-heart surgery in order to unclog the arteries may have to spend anywhere between ₹3 lakh and ₹5 lakh depending on the location of the hospital.

An open-heart surgery costs ₹5 lakh to ₹7 lakh and valve surgeries between ₹3 lakh and ₹6 lakh. To cover these expenses, one must invest in a comprehensive health insurance policy that provides adequate coverage. Considering the rising incidence of cardiac ailments in India, insurers have come up with specifically-designed plans.

The plans provide financial protection in case you are diagnosed with a cardiac condition or are undergoing a procedure as covered under the policy. A fixed benefit cardiac plan allows you to avail the best medical treatment by helping meet your medical needs and letting you use your savings for a rainy day. They provide comprehensive cover for an extensive list of cardiac conditions and procedures and fixed lump sum payout irrespective of actual expenses incurred for diagnosis/procedure.

Multiple claims of same or different conditions/procedures can be covered subject to the exhaustion of applicable sum insured. Moreover, consumers can even choose hospitalisation benefit to get lump sum payout in case he/she is hospitalised due to any of the covered conditions.

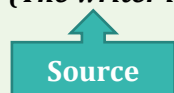
### **Plans on offer**

Plans that offer coverage to people already suffering from heart-related ailments include Star Health Insurance's Cardiac Care which is available at a premium of ₹19,010. One may even choose to invest in Religare's Care Heart available at a premium of ₹9,208 while Aditya Birla's Enhance plan can be bought for ₹26,570.

For those not suffering from heart-related ailments but wish to cover themselves against CVD can invest in plans like Max Bupa's Health Companion at a premium of ₹8,752, Apollo's Optima Restore at a premium of ₹8,431 or Star's Medi Classic that costs ₹6,431.

All the premiums are for a 35-year-old male residing in a metro city and the sum insured for each of these plans is ₹5 lakh.

*(The writer is Amit Chhabra.)*



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## ***Do you have sufficient health cover? – The Times of India – 7th October 2019***



It's a common perception, and one that is probably responsible for the vastly underinsured Indian population. Health insurance, people believe, is mostly required in old age or for critical illnesses like cancer and cardiac diseases. The rise in incidence of these illnesses and the escalating treatment costs have strengthened this belief. However, claims data from the health insurance industry dispels this notion. It points to the need for health insurance at a younger age. Besides, the rising future cost of treatment and list of ailments that account for the biggest share of claims serves as an indicator for the size of insurance you should have as well as the illnesses you need to cover.

The need for basic health plans in your insurance portfolio is clearly indicated by the industry data. According to the ICICI Lombard claims figures, digestive, genitourinary and infectious diseases accounted for over 45% of all claims in 2018-19 in terms of volume. For Bajaj Allianz, fever of unknown origin, infectious gastroenteritis, classical dengue fever and cataract accounted for the maximum number of claims. Fever and infectious diseases comprised 30% of all Royal Sundaram General Insurance's claims.

So, while critical ailments can place a huge financial burden, it's the relatively unheeded diseases that you are likely to contract, emphasizing the indispensability of regular health covers. Such illnesses can also recur during a policy year and more than one family member can contract these in a year. Infections figure in five common ailments across most age groups, as per the data from Securenow.in, an insurance advisory firm. In fact, non-critical ailments like, injuries, along with digestive and infectious diseases, account for one-third of the total claims.

Moreover, the average claim sizes of common ailments that are not life-threatening or terminal in nature, show that the financial dent they can cause is significant (see Most common ailments). In fact, for those over the age of 65 years, musculoskeletal disorders, such as osteoporosis, spine issues, and joint replacements, entail higher spends than even cancer-related procedures. As per ICICI Lombard, against an average claim size of ₹77,000 for cancer treatment, the average payout for musculoskeletal disorders was ₹1.26 lakh in 2018-19.

### **Insure at a younger age**

In India, many tend to wake up to the need for health insurance only as they grow older and contract lifestyle diseases. "Many do not feel the need for a health cover, while others assume that their employers' group covers are adequate," says Kapil Mehta, Founder and CEO, Securenow.in.

Policyholders in the 19-35 year category account for nearly 43% of total claims for injuries and poisoning, an expense category completely unrelated to age. They also account for around 42% of the infectious diseases claims.

Another major cause of claims by youngsters is accidents. "Customers under 25 years of age have higher tendency to meet with accidents. This age group comprises 30% of accidental claims, with an average claim size of ₹55,000," says Nikhil Apte, Chief Product Officer, Health Insurance, Royal Sundaram. If a health cover seems expensive, given the relatively lower income at a younger age, buy cheaper personal accident policies that cover hospitalisation, compensation in case of disabilities, and loss of income.

Common ailments in younger age groups—26-35 years and 36-45 years—also include genitourinary ailments, otherwise associated with senior citizens. "Younger and working population is exposed to external environment and public facilities, unlike people in older age groups who are largely at home. We do not view infections as an age-related problem," says Sanjay Datta, Chief, Underwriting, Claims and Reinsurance, ICICI Lombard. "Younger individuals are vulnerable to infectious diseases as they tend to step out more often than those in the older age groups. However, younger individuals rarely buy independent health covers proactively," says Mehta.

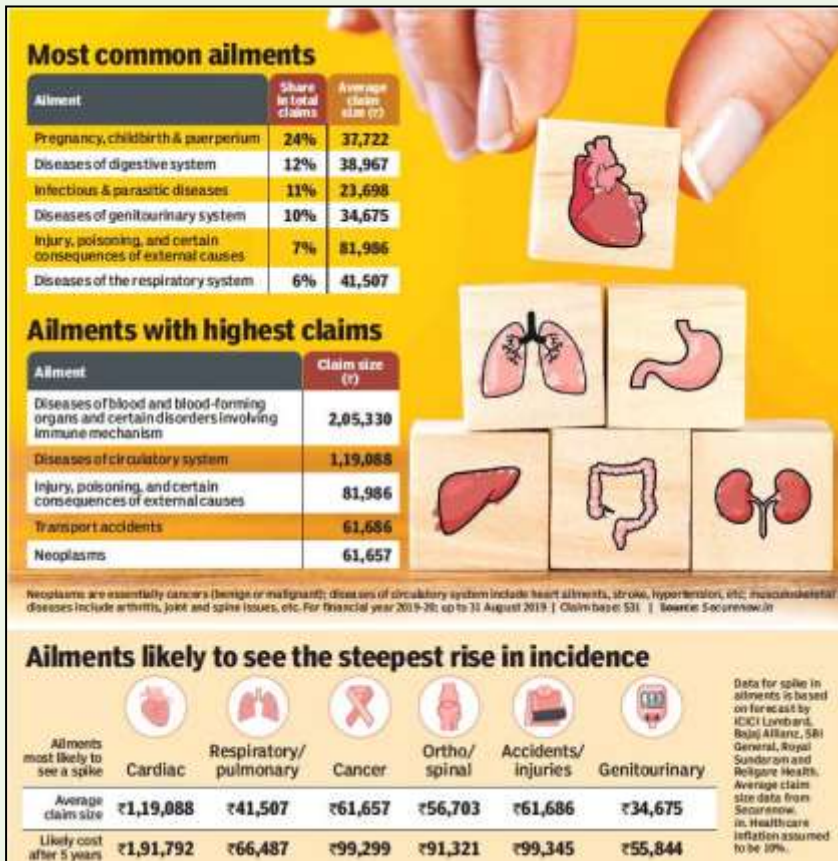
Buying insurance early also ensures that pre-existing diseases, which come with a four-year waiting period, are covered when claims arise.

**Consider future costs**

Most insurers predict a spike in respiratory diseases, cardiac diseases; musculoskeletal disorders, cancer, accidents and genitourinary ailments in the next five years (see Ailments likely to see...). “We have seen a sudden hike of 100% in pulmonary-related ailments in the past two financial years. The most common ailments in this category are lower respiratory tract infection, pneumonia, bronchitis and asthma. This shows the effect of rising air pollution and poor air quality in most parts of country,” says Apte. Due to

sedentary lifestyles, incidence of ortho-related ailments like arthritis and joint replacements is also expected to rise.

Cancer and heart ailments, which figure among the top five money guzzlers, will attract even higher expenses in the future with medical advancements. Hospitalisation costs apart, you also need to factor in recurring expenses over the long term. For instance, the cost of follow-up check-ups after cancer treatment can go up to ₹15,000 per test. Depending on doctor’s advice, you might have to go for these tests quarterly or annually. In case of heart ailments, follow-up visits can rack up bills of up to ₹1,000 per visit. CT Scans could cost ₹10,000-15,000 per year. In case of organ transplants, monthly expenses related to immunosuppressants, steroids and supplements can amount to ₹5,000 per month.



**The optimum cover**

Newer ailments, higher cost of hospitalisation and long-term care expenses necessitate an adequate health insurance portfolio. Yet, health insurance penetration in India remains low. “Health insurance is typically used as a tax-saving instrument rather than a risk coverage option. However, this mindset is changing among millennials, who are exploring the risk cover aspect,” says Sukhesh P. Bhawe, Head, Accident & Health Claims, SBI General Insurance.

Despite growing awareness, the average sum insured across companies continues to be around ₹3.5-5 lakh. “Most major illnesses will easily wipe out a sum assured of ₹3-4 lakh. Therefore, along with a basic individual health insurance policy worth ₹5 lakh, one must consider buying a super top-up policy,” says Bhaskar Nerurkar, Head of Health Claims, Bajaj Allianz General Insurance. Top-up policies take care of expenses after the basic health insurance policy’s sum insured is exhausted. Apte recommends a cover of at least ₹10 lakh. “Due to medical advancements, Indian hospitals are now fully equipped to perform complex treatments; such as organ transplants, bypass surgery and cancer treatment. It is important to have adequate sum insured to take advantage of such facilities,” says Apte.

A family of five, where the eldest member is 40 years old, can start with a basic cover of ₹5 lakh and enhance it every five years after a review. A critical illness policy can come in handy to fund long-term

recovery, rehabilitation and lifestyle modification expenses because such products hand out a lump sum on diagnosis. Alternatively, you can create a dedicated health fund over a period of time to take care of supplementary expenses. The priority, however, should be to have a full-fledged base health cover, while add-ons can be included depending on the affordability.

*(The writer is Preeti Kulkarni.)*

[TOP](#)

Source

***Insurer can't reject your claim if you meet this criteria - The Economic Times - 7th October 2019***



Health insurance companies will not be able to reject your claims if you have continuously been covered for at least eight years. This provision, along with a host of others, form part of IRDAI's standardisation of exclusions guidelines released recently.

These norms will be applicable to products filed after 1 October 2019. For existing health contracts, the new rules will come into effect from 1 October 2020. "The health policy would be incontestable except for proven fraud or any permanent exclusions. This would reduce grievances among policyholders," says Shreeraj Deshpande, Chief Operating

Officer, Future Generali India Insurance.

Insurers will also not be able to deny coverage outright to those suffering from critical illnesses or conditions like cancers, heart-related ailments, Alzheimer's, Parkinson's, HIV/AIDS and so on. The list covers 16 such ailment categories. Until now, those with these conditions were not considered eligible for health policies. "For instance, people who suffered from say epilepsy could not get health cover earlier even for non-related conditions.

They will now be able to, with permanent exclusions for the existing diseases," says Mahavir Chopra, Director, Life, Health and Strategic Alliances, Coverfox.com. Similar was the case with cancer survivors who contracted the illness long ago. The change will bring more individuals in the ambit of coverage. "The guidelines bring in a lot of clarity. Once the insurer decides to bring policyholders into the portfolio after excluding say chronic kidney diseases, all claims not pertaining to this condition will be covered," explains Sanjay Datta, Chief, Underwriting, Claims and Reinsurance, ICICI Lombard.

Pre-existing diseases (PED) will be defined as the ones that were diagnosed by a physician within 48 months before the policy issuance.

In addition, the specified modern treatment procedures like deep brain stimulation, oral chemotherapy, immunotherapy etc will have to be covered by insurers. "By mandating inclusion of modern procedures, the guidelines have made policies more inclusive," says Shanai Ghosh, CEOD signate, Edelweiss General Insurance.

However, these changes could also push up the premiums. "Most changes are welcome from a policyholder's perspective. However, providing coverage to modern treatment procedures entails a cost. And this could get reflected in premiums once the new framework is in place," says Amit Bhandari, Chief Technical Officer, Magma HDI General Insurance.

*(The writer is Preeti Kulkarni.)*

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Source

## ***How Digital Technologies Are Reshaping the Health Insurance Sector to Empower Consumers – Businessworld – 6th October 2019***



Two observations frequently pop-up while discussing India's population and economics – the population is growing and the urban youth has disposable income. When we look at these observations from a health insurance lens, it is noticeable that India has a vast uninsured population and there is a challenge of awareness and availability when it comes to health insurance products. Also, the tech-savvy youth want a health insurance model that is customized and convenient, much like the online retail segment.

India spends a lot in terms of 'out of pocket' expenses for treating medical issues. This depletes the savings and can expose the patient and the family to a financial crisis. There are Government schemes that offer health insurance but they aren't enough. This is where health insurance, powered by digital, comes up as a solution to widen, strengthen, and smoothen the industry.

The combination of affordable smartphones and accessible internet has helped Indian consumers to access the digital marketplace. Although general insurance companies have been a bit lethargic in being a part of the digital revolution, they are catching up and in some cases paving the way with the help of Insurtech.

### **Digital Health Insurance Initiatives**

Now, the focus is not just on offering 'comprehensive' health plans, it is also on the following initiatives. Some are already in place in India while some are functional elsewhere but are a strong source of inspiration for Indian insurers.

#### **Guiding Users And Creating Awareness**

Health insurance is more complicated than other general insurance offerings. Thus, potential policyholders might need hand-holding. Therefore, digitally-driven insurers are building mobile apps and a customer-friendly website that guides users during the entire health insurance journey. This will ultimately lead to improved customer experience.

Health insurance providers are utilizing chatbots and voice assistants to create awareness about the features and benefits of their offerings. Queries are resolved and jargon is simplified instantly. Thus, there are no location or time-related boundaries for clarification of doubts. Not just that, chatbots and voice assistants can help regarding healthcare activities like assisting an elderly person by reminding to take medicines in a timely manner.

#### **Befriending Technology**

Insurers and Third-party Administrators (TPA) can track health-related information with the help of the Internet of Things (IoT) devices used by policyholders. Such kind of regular monitoring can prove beneficial in terms of taking timely health decisions. For example, preventive measures can be taken if the health parameters are found to be problematic. Meaningful engagement can be leveraged to find high-risk individuals who can then be targeted for preventive care offerings.

Insurers are offering discounts on premiums for following a healthy lifestyle such as being regular at gyms, walking a certain distance, etc. in order to promote wellness. Thus, policyholders are benefitted from choosing a healthy way of life.

Artificial Intelligence (AI), Machine Learning and Image Recognition can determine the probability of a policyholder contracting an illness, enabling Predictive Diagnosis. Correct treatment can be suggested based on data analysis.

Health insurance and healthcare products and services can be made available in rural areas thanks to telemedicine. People in remote areas will be able to get access to better healthcare services and that too in a convenient manner. Telemedicine can also be helpful in minimizing in-patient visits and overall healthcare expenses.

### **Ensuring hassle-free Processes**

Health insurers are looking at mobile phones as a distribution channel and offering core as well as value-added services via that platform. Policyholders can not only pay premiums and settle claims via their mobile but also schedule appointments and get information about health concerns thanks to tie-ups between insurance companies and healthcare service providers.

Health insurers can settle claims efficiently and quickly with the help of digital technologies such as AI, Non-standardization, manual intervention, and record-keeping mistakes can be reduced drastically with the help of technology, for example - Blockchain. This will ultimately speed-up the claim settlement process and help the policyholders when it matters the most.

### **Empowering Indian Customers**

The health industry is empowering policyholders by helping them make informed decisions. By venturing into digital partnerships with like-minded companies, insurers are creating an ecosystem where the customers' problems are addressed and resolved promptly. Technology is not at the periphery; it is ingrained in the strategy. Traditional health insurance set-ups are revolutionized and modern ones are built with a focus on serving customers in a better manner.

There is competition but a healthy one. All this is bound to empower customers even further and help them to create a strong health insurance portfolio. Potential policyholders must look at this change as a welcoming one and embrace health insurance. It will secure their finances in the time of need. The savings will remain intact and money stored as an emergency fund can be invested elsewhere for better returns. Spending a minor amount as a health insurance premium on an annual basis is beneficial than paying hospital bills that might drain savings.

*(The writer is Biresh Giri.)*

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### ***This is how health insurance policies discriminate in India - Moneycontrol - 5th October 2019***



Kolkata-based artists Abhik Barman and his wife were denied medical cover by an insurer on September 25. The reason? That the couple had used an anti-depressant which had side-effects.

What the insurer did not mention to the proposed policyholders is that they, in fact, had no relevant products to cater to their needs.

Ironically, just two days later the Insurance Regulatory and Development Authority of India (IRDAI) brought out guidelines barring insurers from

denying a health insurance policy for mental health procedures.

As part of its regulations on standardizing exclusions in health insurance, IRDAI listed out several instances where a health cover cannot be denied.

Take mental health care for instance. The Mental Healthcare Act 2017 came into force from May 29, 2018. This Act mandates every insurer to ensure medical insurance for mental health ailments.

Law had said that this would be similar to the regular health insurance available for physical illnesses. However, the number of products available are far and few in between.

IRDAI has also gone deeper and said that even if the use of a drug, stimulants or anti-depressant impact intellectual facilities of an individual, they are entitled to get covered. However, the point to focus is how there are not enough variants of health policies to cover this procedure.

Due to a lack of adequate data, it is likely that these niche covers will cost at least 25-30 percent more than a standard health insurance policy.

Let us take another example. IRDAI has said that those with disorders of speech and language including stammering and dyslexia should also be provided health covers.

Dyslexia, for instance, does not require surgery but will require multiple sessions of counselling psychology with a trained practitioner. No retail health policy in the Indian market caters to this requirement.

The intention of the regulator is to enable a number of people to avail health insurance policies. However, what is needed is to nudge insurers to cater to the emerging needs of the customers.

Those employed in a coal mine or a construction site may have different health needs than a person in a 9-to-5 desk job. Unless there are niche products for each segment, standardisation of exclusions does not serve a real purpose.

Rather than having one insurer sell five different products for cancer and heart disease, the real need is to have health plans that can help manage the different life-style conditions in a better manner. And a push from IRDAI is the only way these products will available in the Indian market.

*(The writer is M Saraswathy.)*

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Source

***Monthly premium, more illness to be covered: 5 changes in health insurance policy – Mint – 4th October 2019***



The Insurance Regulatory and Development Authority of India (IRDAI) has recently announced that customers can now pay their health insurance premium in various installments — monthly, quarterly or half yearly. Earlier, health insurance companies used to collect home insurance premium on an annual basis.

With a number of changes, IRDAI is now trying to make insurance policies more standardised and customer-friendly.

Here are the few recent changes in health policies:

- 1) In a circular issued last month, the regulator has allowed insurers to increase the maximum age limit filed for insurance policies. Usually, the maximum age limit of health insurance policies filed is up to 65 years. The insurer needs to inform the regulator on a certification basis about the change, said IRDAI.
- 2) Now one can pay health insurance in installments. IRDAI has allowed health insurers to collect insurance in monthly, quarterly or half-yearly basis. Terms and conditions of the insurance shall remain unchanged.
- 3) Health insurers are allowed to introduce additional distribution channels for particular products. The insurance companies do not have to wait for regulator's approval. They can make minor modifications in approved individual insurance products on a certification basis.

4) Health insurance companies can increase or decrease premiums by 15%, caused due to the modifications, based on the loss-ratio numbers said IrDAI. IRDAI said change of premium rates resulting in the increase should be only after expiry of three years from the date of launch of approved or modified individual product. "Change of premium rates resulting in the increase shall be only after expiry of three years from the date of launch of approved or modified individual product," said IRDAI.

5) The aim is to make a standardized health insurance policy with a focus on customers. Insurers should try to extend health insurance coverage to all the persons to be insured who disclosed pre-existing disease, said IRDAI.

Source

## MOTOR INSURANCE

### ***Driving without motor insurance? You may end up paying in crores! - Financial Express - 7th October 2019***



You may have been complaining for the increase in penalty for driving without insurance to Rs 2,000. However, the aim of the government is not just to fill its coffers by charging you heavy fines, but to protect you from getting bankrupt in case of someone's accidental death caused by the vehicle you are driving, resulting into paying exorbitant amount of claims to the family of the victim.

Take, for example, the case of a bike owner in Mumbai, who has been asked to pay Rs 1 crore to the family members of a BMC ambulance driver, who died after the speeding bike

driven by a teenager hit him on a road. The Motor Accident Claims Tribunal asked the Oriental Insurance Company to pay the claim amount to the kin of the victim and subsequently recover it from the bike owner as he knowingly allowed the teenager to ride the bike, who didn't have a licence.

Although, in this case, despite having insurance, the bike owner would end up paying the claim amount due to his fault, but it highlights the need of insurance to avoid paying exorbitant amount in case of any accident resulting into death or disability of the victim.

Moreover, courts and tribunals decide amount of claim on the financial status of accident victim that would result on loss of income due to death or disability of the victim. So, not only Rs 1 crore, but the amount would go up many fold, if the status of a victim is much higher.

Motor insurance has two parts, own-damage and third party insurance. While taking own-damage part is optional to cover the cost of repair for damage of the vehicle, as such cost may go up to maximum cost of a bike or car, which is known and within the affordable range of the owner, taking third party insurance is compulsory to pay claim raised by a accident victim or his/her family, as the claim amount is unknown and may run the vehicle owner bankrupt especially if the financial status of the victim is high.

So, it's not just to avoid paying fine for driving without insurance, but taking at least third party cover is essential to save you from getting bankrupt in case of any unfortunate road accident resulting into death or disability of the accident victim.

***(The writer is Amitava Chakrabarty.)***

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***Own Damage motor cover shows a decline, while Third Party business rises; Here's why – Financial Express – 4th October 2019***



According to the data available from the General Insurance Council, there has been a decline of 2.3 per cent in the Own Damage (OD) premium collection of insurers — from Rs 10,724 crore in August 2018 to Rs 10,480 crore in August 2019. With the ongoing slowdown in the economy and a decline in OD covers for motor vehicles, the automobile industry is facing a tough time.

The data also showed that for the month of August 2019, the overall motor premium collection (TP and OD) rose by 5.9 per cent to Rs 26,406 crore. Its main contribution was due to the 12.9 per cent increase in Third Party (TP)

insurance cover. TP insurance cover and the enactment of the new Motor Vehicles Act was made mandatory by the Supreme Court. Own Damage cover, as the name suggests, provides cover for loss or damage to the insured vehicle due to accident, fire or theft.

Experts suggest the downfall in the OD covers can be because of the downturn in the Indian automobile sector with the major carmakers reporting negative sales numbers in August 2019. This reduces the fresh policies sold by insurers. The launch of the 3-year policy also adds to that.

Naval Goel, CEO, and Founder of PolicyX.com says, “IRDA directed companies last year to provide 3-year policies due to which policies which were bought for the first time in 2018 will now get renewed only in 2021. Therefore, there is an impact on renewal premium.”

Additionally, the recent changes in the penalty for not having adequate documents while driving are also one of the reasons behind the increase in TP covers as it is mandatory to drive legally on the roads of India.

As per the Motor Insurance Act, only the third-party motor insurance cover is mandatory in India. Hence, most people opt for the TP cover. Even though TP provides cover for any damage done to the third party vehicle, it doesn't provide coverage for any damage done to the policyholder's vehicle. Neither the policyholder nor the policyholder's car gets protected under this cover.

A comprehensive motor insurance plan, however, provides cover towards loss or damage of the insured vehicle, in addition to the third-party cover. Policyholders do not need to buy a third-party insurance cover separately, with comprehensive cover as it covers damages caused to the policyholder's own car during an accident, along with the third party damage.

Sajja Praveen Chowdary, Head-Motor Insurance, Policybazaar.com, says, “The benefit of buying the comprehensive cover is that it offers protection against all damages caused to the car and self in the event of an accident. In addition to accidental damages, comprehensive car insurance protects your car against any theft, accidental fire, and any other damage caused to the car.”

This cover also provides cover for lawsuits, legal fees brought against the policyholder in case of an accident. Goel adds, “Third-party offers coverage to damage to others as the result of an accident that was deemed your fault. Comprehensive cover is an all-round cover that takes care of your third-party liabilities, but also covers you and your car.”

***(The writer is Priyadarshini Maji.)***

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Source

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## SURVEY

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### **Only 18% senior citizens have health insurance: Survey - The Economic Times - 7th October 2019**

Nearly 26% of them are helped by their adult children, reveals a recent survey by Aditya Birla Health Insurance.

#### **Who helps you with finances in case of medical emergencies?**

32% - I am in full control of my finances. I keep money handy for an emergency.

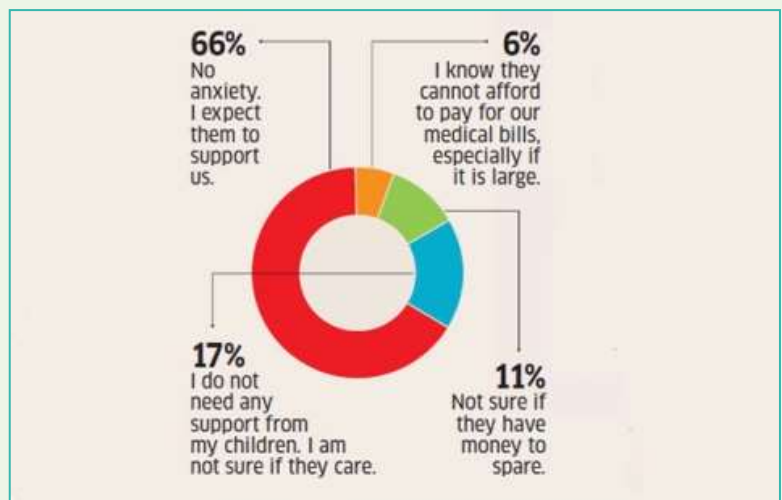
10% - When needed, I seek help from my neighbours.

14% - My relatives and friends help out many times.

26% - My children take care of such situations.

18% - I have health insurance cover.

#### **What would be your anxiety if you have to reach out to your children financially?**



#### **How concerned are you about your financial matters?**

37% - Not at all. I am financially secured.

42% - Sometimes I feel insecure.

12% - Frequently

9% - All the time. It is my main worry

#### **Have you made financial plans for medical emergencies for parents?**

47% Yes, I have made provisions.

24% Not yet, but I will make provisions soon.

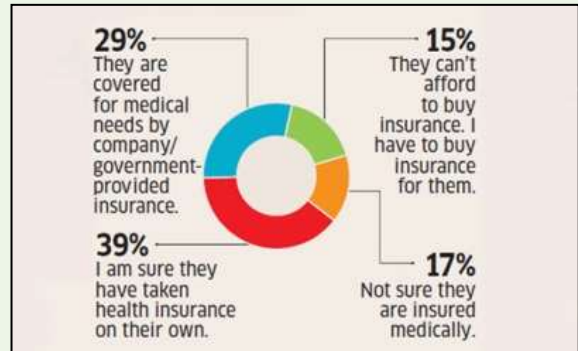
17% Do not feel the need. Parents are financially stable.

12% They have taken care by purchasing Insurance themselves.

#### **Should all employer plans cover employees' parents?**



**Do you know if your parents have medical insurance?**



Source: Indian Parental Care Survey 2019. The survey was conducted among 998 senior citizens in the 60-70 age group, and 1,002 offsprings in the 30-45 age group in 10 cities.

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Source

## INSURANCE CASES

**How 19-yr-old got insurance co to pay for physio treatment - Ahmedabad Mirror - 5th October 2019**



After insurance company denies claim for 56 physiotherapy sessions of Priyanka Chaudhary claiming she was not hospitalised and did not undergo active treatment, she approaches Consumer forum that rules in her favour

Physiotherapy sessions taken on the advice of an orthopaedic surgeon should be considered part of treatment and the patient should be reimbursed for the same, a consumer forum has ruled. Father of a 19-year-old girl had approached the forum after the insurance company denied claim relating to her physiotherapy sessions.

The Consumer Disputes Redressal Forum ordered the insurance company to pay for the post-hospitalisation physiotherapy expenses incurred by the girl in 2017. The court observed that the girl had undergone 56 physiotherapy sessions after appropriate advice by her orthopaedic surgeon, which should be reimbursed along with hospitalisation expenses.

In December 2016, Priyanka Chaudhary was hospitalised due to severe back pain and neuropathic pain in her left foot after being diagnosed with post ganglionic lumbar plexopathy in lumbar region. While primary treatment provided transient relief, she was admitted to Gautam's Spine Orthopaedic Hospital again in June 2017 after the back pain did not subside.

After improvement in her condition, Priyanka was discharged from the hospital and advised physiotherapy. She took 56 sessions of physiotherapy for a month along with other treatment expenses that amounted to Rs 94,640. However, a claim presented by Priyanka's father and Family Medicare Policy holder Rameshwar was rejected by United India Insurance Company Limited.

Rameshwar had taken the policy in 2008 and renewed it every year to insure a sum of up to Rs 10 lakh. While two of his other claims were accepted by the insurance company towards Priyanka's treatment, the third involving physiotherapy sessions was rejected by the company after it alleged that the patient was not hospitalised; neither did she undergo active treatment and the physiotherapy exercise may be necessary for maximum four to five days, it stated.

However, a bench headed by H J Dholakia and V A Jerome contended that the insurance company did not produce any evidence to support its rejection of the claim. Identifying deficiency in service and unfair trade practice, the court ordered the insurance company to pay an amount of Rs 1,14,511 towards treatment cost along with a simple interest at the rate of 8 per cent from the date of complaint.

Further, the insurance company was also directed to pay Rs 3,000 towards mental agony and harassment and Rs 2,000 as cost of complaint. Rameshwar, who breathed a sigh of relief, told Mirror, "It feels good to be compensated for the physiotherapy sessions. They were part of the treatment and were much needed for my daughter to get back on her feet. After trying physiotherapy at various centres, her foot movement finally got better."

Priyanka's mother, who was witness to her daughter's plight, told Mirror, "She could barely walk and missed her college lectures when treatment was on. After the claim was not cleared, I was contemplating the decision of being a policy holder. However, the order of the court is a huge relief." The officials of United India Insurance Company remained unavailable for a comment. DrAalap Shah, founder and director of Mission Health Physiotherapy and Rehabilitation Centre, where Priyanka undertook the sessions told Mirror that physiotherapy reimbursement is very important.

"If a patient undergoes a surgical process and still is not able to recover fully, physiotherapy comes into play. If reimbursement is given regularly for physiotherapy, it will improve the quality of life of patients. If people have access to insurance, they can avail the benefits of advanced physiotherapy to get themselves cured."

*(The writer is Mihir Ved.)*

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Source

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## PENSION

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***National Pension System: Get Rs 45 lakh cash + Rs 22,000 monthly pension with Rs 5000/month - Financial Express - 9th October 2019***



**National Pension System for retirement:** Planning to save for retirement? You can try government-backed National Pension System (NPS). Any citizen of India aged between 18-65 years can join the NPS as an individual or as employee-employer groups after submitting required information and Know Your Customer (KYC) documentation. The accumulation of wealth under NPS depends on factors like the amount of investment, the term of investment and income generated in the invested amount. NPS investment is managed by PFRDA-approved Pension Funds. These have been set up as per the investment guidelines of the PFRDA.

To make the most of the NPS, the subscriber should start investing as early as possible. You can calculate the expected returns on your investment online on the NPS calculator of National Pension System Trust. Take a look at how the investment of Rs 5000 per month will grow if someone starts at the age of 30:

The online calculator shows that by investing Rs 5000 per month, a 30-year-old subscriber can get up to Rs 22,279 monthly pension and Rs 45.5 lakh as a lump sum. The investment of Rs 10,000 per month from the age of 30 may fetch Rs 45587 per month pension and Rs 91.1 lakh as lump sum.

**Note:** These numbers are indicative, based on an assumed rate of return of 10 per cent and an annuity rate of 6 per cent. The final pension and lump sum amount you will get from NPS may be higher. Also, you can increase your monthly contribution towards NPS to make your retirement corpus bigger.

**Tax benefit:** With NPS, you can take tax benefit of Rs 50,000 in addition to the Rs 1.5 lakh you enjoy under Section 80C of Income Tax Act.

There are two types of accounts under NPS – Tier I & II are provided. The Tier I account is mandatory, the subscriber gets the option to opt for Tier II account opening and operation. While Tier I is a restricted and conditional withdrawable retirement account, Tier-II account is a voluntary savings facility available as an add-on to any Tier-1 account holder. Subscribers are free to withdraw their savings from Tier II account whenever they wish.

*(The writer is Rajeev Kumar.)*



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## IRDAI CIRCULARS

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Updated List of Non-life Insurers



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LIST OF CORPORATE AGENTS REGISTERED WITH THE AUTHORITY AS ON 30 Sep 2019



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First Year Premium of Life Insurers for the Period ended 30th September, 2019



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## GLOBAL NEWS

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### ***Takaful has to be made more affordable, say experts – Asia Insurance Review***



people especially in emerging economies.

Within the context of Malaysia, takaful is often seen as way to help increase insurance penetration among the masses but affordability has proven to be a big obstacle in the industry's growth. Several speakers alluded to this at the Takaful Rendezvous 2019 in Kuala Lumpur yesterday, suggesting that both insurers and takaful providers have to find a way to make protection much more affordable for

“Something has to change to increase the affordability for consumers,” said Takaful Malaysia’s CEO Dato’ Sri Mohamed Hassan Kamil while chairing a panel discussion among C-suite leaders. This was in response to a comment during the Q&A session that premium rates today would need to fall by as much as 50% if the industry really wants to bridge the massive protection gap. The panel had earlier touched

on the regular discussion around multi-channel distribution and digital transformation as enablers for growth within the segment.

Another dimension that was raised was aligning takaful to sustainability, seeing how takaful a natural fit for the ESG agenda. Islamic Financial Services Board's (IFSB) secretary general Dr Bello-Lawal Danbatta believes that takaful operators should play a leading role in looking at ESG issues and deliver a value-added proposition to society beyond just profits. "Climate change and disaster recovery are important issues of the day and the takaful sector can play an important role in the delivery of social-based protection," he said.

### **Takaful holding its own in Malaysia**

In his keynote address earlier in the day, Bank Negara Malaysia's assistant governor, Adnan Zaylani Mohamad Zahid, also made the point of integrating social finance into takaful in order to make protection more viable for consumers. "The takaful proposition of risk sharing is unique based on the underlying premise of mutuality, and this could be seen as an alternative to disrupt the risk transfer model," he said.

In order to do that, he urged takaful companies to optimize digital technology to relieve some of the pain points among consumers, and to be fully plugged into the digital eco-system. Since, 2017, takaful operators in Malaysia have been offering a suite of pure protection, medical and other products through the direct digital channel. While majority of takaful sales still comes from the top two traditional channels – agency and bancassurance – digital distribution has contributed to greater accessibility of takaful products in the market. It has in part contributed to the double digit growth in Malaysia's takaful segment in the first six months of this year, as revealed by Malaysian Takaful Association chairman Muhammad Fikri Mohamad Rawi. He said that general takaful business grew by 16.4% in the first half of this year to MYR1.6bn (\$380m), while family takaful registered 29.6% growth to MYR3.3bn.

### **Knowing your consumer**

Putting consumers at the forefront of the business is something non-negotiable in today's context. In that regard, SCOR Asia's managing director Vincent Shi revealed interesting insights from the company's annual consumer survey – which is due to be released later this month. The survey, which spans a host of markets including Asia, revealed that 57.7% of those polled believed that their life insurance product offered 'good value for money'. In that regard, price still appears to be the main factor when buying insurance.

Respondents also said that quick policy approval was a critical factor – with 75% expecting a turnaround within 24 hours. The survey also revealed that wellness programmes and health tips were highly valued by consumers in terms of their interaction with their insurers. Takaful Rendezvous 2019 was organised by Asia Insurance Review and sponsored by ReMark.

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