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QUOTE OF THE WEEK

"Education is the ability to listen to almost anything without losing your temper or your self-confidence."

Robert Frost

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Hospital Expense Insurance

Hospital expense insurance is insurance coverage that protects policyholders against losses associated with being treated in a hospital for a medical issue. Medical expense insurance is commonly purchased to supplement a regular health insurance policy. Extended medical stays can be extremely expensive. Some people buy this type of insurance rather than rely solely on their health insurance policy to cover every cost.

Hospital expense insurance can cover expenses associated with many different problems that can send someone to the hospital. For example, it can cover the costs incurred for injuries, illnesses, and accidents. When a person is at a hospital, the costs can add up extremely quickly. Not only does one have to pay for the room and board of staying there, but blood work, x rays, CT scans, surgeries, and other expenses can all accumulate very quickly. Hospital expense insurance can help the policyholder pay for such expenses.

INSURANCE INDUSTRY

Voice AI in insurance: improving renewals through automation - Financial Express – 28th February 2022

The emergence of the coronavirus disease has resulted in a health crisis, upending healthcare infrastructure and economies worldwide. Till now, the virus has infected more than 3.45 crore people and claimed over 4.65 lakh lives in India. More and more people are starting to consider a health insurance plan as essential. There was a marginal improvement in India's insurance penetration in FY21, according to the latest data from the Swiss Re sigma world insurance report. Insurance penetration (premiums as a percentage of gross domestic product) stood at 4.2 percent in FY21 compared to 3.76 percent a year ago, according to the report.

With the increase in insurance penetration and the surge in demand, companies are turning to AI and automation that can help businesses scale in an efficient and cost-effective manner. However, in order to sustain growth, renewal of policies and repeat purchases are imperative.

Persistency ratio – An important metric for insurance companies

Persistency rate is the proportion of policyholders who opt to pay their renewal premium. Insurance companies need to maintain a high persistency ratio in order to stay profitable from both a customer retention and acquisition point of view. A high persistency ratio also demonstrates credibility and gains customer trust. Retaining a customer is one of the most significant as well as challenging aspects of a business today and just like most things in life, there is no quick-fix solution to the problem. Simple policy renewal reminders have proven to be ineffective and a holistic approach to customer engagement across the entire lifecycle needs to be adopted as a long-term solution.

Factors affecting persistency ratio

A. Mis-selling the policy: A large number of customers fall prey to mis-selling every day. The main reason is the front-loading of agent commissions—insurance agents make unrealistic promises to sell insurance policies and they try to make the most commissions instead of identifying the right policy for every customer's requirement. There is also a lack of need-based selling and segmentation that leads to dissatisfaction among policyholders and discourages renewals. Customers also suffer from financial illiteracy, depending heavily on their agents. B. Lack of customer engagement initiatives and communications: Insurance Industry leaders need to rethink the way they see persistency; and for that to happen, they need to change the way their customers perceive and experience the benefits of an insurance policy. It is important that customers understand the role insurance plays in their financial security and this can only be done by engaging with them throughout their lifecycle.

C. Inability to identify risky customers early: Conventionally, channels like emails and SMS are used by insurance companies to remind customers about upcoming renewals. While they may work to some extent, they are unidirectional and do not capture the intent and inclination of the customer towards renewal, their overall satisfaction, complaints or concerns. And since most insurance companies only start calling customers a few days before the date of renewal, there is no time for them to understand and resolve issues or gaps in understanding, significantly impacting conversions.

The Solution

Here are some strategies insurance companies can implement to tackle the above challenges:

A. Preventing mis-selling: Insurance companies can incentivize agents through commissions specifically for renewals. They can also leverage AI in running customer education programs for a better understanding of the policies they have bought. Once a customer opts for an insurance policy, an automated verification call (PIVC/PCVC) can be made to every customer explaining the benefits and the terms and conditions of the policy. Voice AI enriches this process by streamlining it, engaging large numbers of customers in a proactive and proficient way while remaining cost-effective. B. Effective customer communication and engagement: Insurance companies can initiate programs to make sure that the policyholders always feel secure and engaged. For example, during times of crisis like the global pandemic, insurance companies could reach out to their customers informing them about precautions to be taken, complimentary mindfulness programs, containment zones near them etc. Insurance companies can deploy a voice AI-powered bot to place attribute- and event-based automated calls to interact and engage with their customers.

C. Identify and segment your customer early: There are many benefits of identifying and segmenting customers based on their propensity to renew the policy earlier than the due date. Rather than relying on voice channels late in the renewal process, insurers should make calls early in the lifecycle based on the propensity model. Personalized communication, human agent calling and customized offers should be designed and implemented for propensity-based customer segments. Implementing this solution has already shown quicker renewal campaign cycles and resulted in higher persistency ratios for some of the leading insurance companies in India. Multilingual voice bots can come to the rescue of insurers by giving them the power to make these calls at scale and automate the entire renewal communication process. All across the globe, insurance companies have come to understand that the only way they can keep up with customer expectations is through technology adoption, and will increasingly use voice AI to improve persistency ratios, engage customers more effectively and improve profitability. Insurance companies must adopt voice AI as part of their digitization strategy for the benefits that it brings in terms of increasing operational efficiency and saving costs, helping both the company and the customers.

(The writer is Sourabh Gupta.)

TOP

Digital transformation trends for insurers in 2022 - The Hindu Business Line - 28th February 2022

The Indian insurance industry, with the support of InsurTechs, has rapidly moved towards digitisation, adoption of technology, and new distribution channels for reaching customers since the start of Covid. To put the growth of InsurTechs in context, here are a few numbers from a report published by the India InsurTech Association and BCG in Feb 2021. Global funding in InsurTechs has grown from about $2 billion in 2016 to $6 billion in 2020. In India, too, funding has seen an increase from a modest base of $11 million in 2016 to $287 million in 2020. While digitisation is being embraced by all insurers, 2022 will witness new trends for the next level of tech innovation in the Insurance sector. Here are a few trends:

Automation

In the past two years, we have seen insurers invest heavily in digitisation of distribution, policy issuance and digital customer communication. However, in 2022, we anticipate that insurers will invest significantly in bringing automation to other areas of the insurance value chain such as underwriting, core policy admin systems, risk management and claims. Indian insurers are evaluating multiple initiatives in areas of workflow automation, RPA (robotic process automation) and AI automation.

Automation of these core insurance functions brings a number of advantages – faster straight through processing, less human intervention, ability to analyse and use more data in decision making, standardisation of processes and transparency in underwriting and claims. In the end, the customer would be the biggest beneficiary, as automation of end-to-end insurance value chain would lower expenses and fraud, leading to lower insurance premiums and faster and more transparent underwriting and claims decisions.

Data-driven innovation

The insurance industry is built on the understanding and management of risk; hence, the explosion of available data will result in a golden period of significant data-driven innovation. A combination of cheaper telecom data plans, cheaper devices such as smartphones and laptops, and increased computing power is resulting in an unprecedented amount of data being generated. Right from home sensors to smart televisions to connected cars and smart watches, a significant amount of data is being generated, which could be utilised for bringing innovation across insurance products and related services.

At present, a lot of the global innovation in InsurTech is based on developing new approaches to underwriting risk and predicting losses. The ability to capture and analyse data from different sensors and sources in near real time opens the door to more proactive prevention models. In addition to the generation of data, standardisation of data through appropriate data standards such as 'Electronic Health Record Standards for India' and 'National Digital Health Mission' will act as catalysts for driving innovation in health insurance in 2022.

Eventually, the data being generated across multiple industries (insurance, automotive, healthcare) will start coming together through accepted open source data standards and protocols, resulting in more intelligent insights that can help build more contextual insurance products, embedded insurance, automated claim processing and fraud detection.

To take advantage of this promise of data driven innovation, insurers are now ensuring that their actuaries, underwriters and risk managers are now being supported by strong Data Science Teams and Data Engineers. Additionally, insurers are spending many millions of dollars to put into place cutting-edge data infrastructure platforms and customer data platforms, while scaling their data storage and computing power requirements through cloud services (AWS, Google Cloud, Microsoft Azure).

Embedded insurance

Embedded insurance products are sold at the point of sale as add-ons or bundles to other core products or services. Many of us have bought embedded insurance without even realising that we did – travel insurance with your flight tickets or accidental damage insurance for our phones and laptops. For embedded insurance products to be successful, the most important criteria is their relevance to the original product or service. By bundling these insurance products, we build awareness about their benefits with customers while enhancing the overall value proposition and product uptake for customers. With the rise in the number of digital transactions, embedded insurance products, which meet genuine customer needs, are seeing great adoption in India. In turn, embedded insurance provides insurers and distributors with a more targeted and cost-effective channel to sell these insurance products.

Insurance has typically been a standardised offering without much customisation for their customers. However, the Indian customer is now used to tailored and personalised services and offers, thanks to top e-commerce and consumer internet companies. With the increased availability of data and sophisticated analytics in the area of personalisation, insurers can now create very granular profiles of their customers and their needs. Insurers can use this to create new insurance products for micro segments, tailor coverages, provide better risk advice, and offer customer specific cross-sell and upsell offers. Additionally, we will see more products being developed for different life stages, short duration byte-sized products, and products that cover very specific risks (Covid-19).

Providing more contextual products is a win-win for innovative insurers as it helps them bring new customers into the insurance fold while resulting in higher premium growth. Increased partnerships between insurers and InsurTech start-ups India is a large underserved insurance market. Partnership between insurers and InsurTech start-ups is promising. India hosts world-class tech talent, data scientists, product managers, actuaries, underwriters and risk managers. InsurTech start-ups are able to recruit the best talent in data, technology, UI/UX and Product Managers to build cutting edge tech stacks. Insurers can spot promising opportunities, develop innovative products, and reach new customer segments through cooperation with such InsurTechs. We can expect that collaboration between insurers and InsurTech start-ups will unleash the next big wave of innovation to capture and serve a large untapped market for insurance in India.

(The writer is Prerak Sethi.)

TOP

Govt may take up insurers' surety bond concerns - The Times of India – 28th February 2022

The government is likely to address concerns of the insurance industry and align surety bond issuers' rights in line with other creditors under the insolvency code. Non-life insurers had earlier said that one of the challenges in issuing surety bonds was that the bankruptcy code does not recognise rights of insurance companies on a par with other financial creditors. "We understand that insurers should have recourse to recovery on a par with banks. This aspect has been taken up to the government and they have reacted positively," T R Alamelu, member of insurance regulator Irdai, said. Last year, Irdai had allowed insurance companies to issue surety bonds that act like bank guarantees. Finance minister Nirmala Sitharaman had said in her Budget speech that government departments would accept surety bonds instead of the more expensive bank guarantees in their tenders. Insurers had responded to the announcement positively, but said that while banks could convert a guarantee into a loan and start recovery proceedings, they did not have this option.

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INSURANCE REGULATION

Your Money: Irdai moots lifelong renewal of personal accident policy – Financial Express – 1st March 2022

All personal accident policies will be renewed lifelong, insurers will have to obtain the entire claim history for portability and are encouraged to give discounts on renewals if there is an improvement in the policyholder's risk profile. These are part of the proposed comprehensive review of the health insurance regulation by the insurance regulator to protect the interest of policyholders. The proposed Insurance Regulatory and Development Authority of India (Health Insurance) (Amendment) Regulations, 2022, underlines that for individual products, the loadings on renewal will be offered for the entire portfolio and will not be based on any individual policy claim experience. Insurers cannot resort to fresh underwriting by calling for medical examination or fresh proposal form at renewal stage where there is no change in sum insured offered.

Irdai has stressed that insurers may devise mechanisms or incentives to reward policyholders for early entry, continued renewals, favourable claims experience, preventive and wellness habits and disclose upfront such mechanisms in the prospectus and the policy document. The cost of any pre-insurance medical examination will be decided by the insurer who will be responsible for ensuring availability of cashless facilities at network providers.

Portability of policy
The regulator has said that in case a policyholder wants to port his policy, it will be the responsibility of the insurer to obtain the entire claim history of prior policy years from the existing insurer and no claim will be repudiated on the grounds of non-disclosure of any of the claims already made with the existing insurer. On receipt of intimation for portability, the insurance company will furnish the applicant the portability form together with a proposal form and relevant product literature on various health insurance products which could be offered.

“Within five working days of receipt of the portability form, the insurance company shall seek the necessary details of medical history and claim history of the concerned policyholder from the existing insurance company. This shall be done through the web portal being maintained by IIB,” the draft amendments note.

Karn Thakuria, lead, Partnerships & Alliances, Riskcovry, an insurtech company, says the regulator’s proposed amendments will result in transparent sharing of claims data between insurers which, in the medium / long term, will help all insurers underwrite and price health insurance more effectively. At present, a customer who wants to port his health insurance has to apply to the insurer at least 45 days before the premium renewal date of the existing policy. The insurer will not be liable to offer portability if the policyholder fails to do so in the prescribed time.

Personal accident policies
In personal accident products, once a proposal is accepted and issued and renewed periodically without any break, insurance companies cannot deny renewal of the policy on grounds of the age of the insured and it will be under the ambit of lifelong renewability in the interest of the policyholders.

A personal accident insurance pays the sum insured in case of death or total permanent disability of the policyholder. In case of a temporary disability of the policyholder, the insurer pays a certain percentage of the sum insured, which varies as per the disability suffered. Apart from comprehensive personal accident policies, all general and standalone health insurance companies have launched a standard health insurance policy known as Arogya Sanjeevani last year after the insurance regulators’ regulations.

(The writer is Saikat Neogi.)

TOP

LIFE INSURANCE

What to keep in mind while choosing an insurance company – Live Mint – 3rd March 2022

There are a few more aspects that you should investigate besides the claim settlement ratio. This would allow you to get a better shortlist of insurers. First, look at the proportion of claims settled within three months. This serves as a good measure for the speed of claim settlement. Second, the number of grievances raised against the insurer serves as an indicator of disputes between policyholders and the insurers. Third is the solvency ratio of the insurer. This is a measure of its financial health, and the ability to fulfil its financial liabilities towards claims. Whole life insurance policies are meant to provide coverage for an extended tenure, typically till 100 years of age. A whole life term plan is suited for people whose nominees would remain dependent on them life-long. A child with special needs is an example of such a dependent. While the coverage is provided till 100 years of age, the premium paying term is shorter, say till 65 years. Insurers offer shorter premium paying terms as well.

In case the person survives for 100 years, then the maturity value is paid. The maturity value depends on the type of the underlying plan. If it is a ULIP plan, then the fund value as on the date of maturity would be payable. However, if it is a participating endowment plan, then the maturity value comprises the sum assured, and the accrued bonuses declared by the insurer. If the insured dies before attaining 100 years, then the higher of the guaranteed death benefit and investment value is payable. Investment value in the case of ULIP is the fund value, and in the case of a participating endowment plan is the sum assured and the accrued bonuses.

Since the premium paying term is generally shorter than the coverage term i.e., 100 years, a premium is not payable after 100 years. The policyholder gets the maturity value after this and the policy ceases to exist.

(The writer is Abhishek Bondia.)

TOP

Making term insurance policy claims smooth for your family in your absence – Moneycontrol – 2nd March 2022

Term life insurance is a crucial step for securing the financial well-being of your family members when they do not have your shoulder to rely on.

If the worst comes to pass, it would be a daunting time emotionally for your family. Nevertheless, the claims process has to be undertaken as soon as possible. It's true that the claim settlement process can be complicated. It is therefore prudent that you do whatever you can to help your family plan for that.

The simplest yet most effective way to do this is to create an email that includes all that your family needs to know to make an insurance claim. Here's what such an email can contain.

Item 1 -Policy details and document
The first thing is to make your family aware of the policy. Attach the policy document PDF to the mail and call it out in the email. Share the password of the file with your spouse and another trusted family member (in case, both you and your spouse are impacted).

You can also add a link to an article or document to help your family understand the exact steps they need to be aware of. Understand that grieving family members may need exact steps at such a difficult time when thinking can be difficult.

Item 2 - Step by step procedure of making the policy claim
Step 1 - Your family should inform the insurance company:
It is obvious that your family would be despondent in such an unfortunate situation. However, to avoid complications on claim settlement, they will need to inform the insurance company about the death of the policyholder as early as they can.

They can do so by calling the insurer, through their website, or by sending a mail. The basic details they will need to send will include the following.

- Policy number
- Name of policyholder
- Birthdate of policyholder
- Reason and place of death

- Name of beneficiary

Step 2 - Your family should be prepared with and submit the following documents:
Here's what they should have ready before they raise the claim.
What they will need In case of a natural death:

- Policy claim documents
- The policy document (original)
- Copy of death certificate

If the cause of death is due to an accident or medical emergency, they will need the following:

- Documents required if the cause of death was a medical emergency
- Hospital certificate
- Certificate of attendant doctor

Complete medical report stating date and time of admission and discharge, tests, and death summary.

- Documents required specifically in case of unnatural death or accident related death
- Post mortem report
- FIR report noted by the police officer
- Final investigation report conducted by the police

Item 3: Claim assessment by the insurance company – what your family should expect now

Once your family submits the documents, the insurance company will undertake the assessment of whether to pass your claim or not. If all the documents provided are up to the mark and satisfy all the conditions, the passed claim will be paid out to the beneficiary's bank account. The insurance policy will have the details of which account exactly or how the insurance amount will be paid if not directly to beneficiary's account.

Finally, something you can do to avoid claim rejections

As the saying goes, prevention is better than cure, make sure that you have taken precautions for your claims process to avoid the rejection. This largely depends on you so be sure to follow these.

Always share complete and correct information related to health. If any discrepancies are found at the time of claim, your family may lose the settlement amount.

You can also take the option of medical examination provided by the insurer so they have less to say at the time of claim processing.

You must update details on the nominee if changed.

Paying all the premiums on time is important and a basis for not just term life insurance.

The claim should be filed on an urgent basis after the death of the policyholder.

Instead of the insurance agent, weigh on filling the claim form on your own to avoid any minor errors.

In case there are specific risks that you might want to consider, take additional cover for the same from insurers who might cover the same. For example, if you are into adventure sports, check what level of adventure is covered and if there is another provider who can cover the additional scenarios.

What you should keep in mind
This email can provide your family with all they need to know and do, to ensure they receive their due. While you may not be there for your loved ones the way they need you the most, you can make sure that your insurance policy does all it was meant to do for them.

(The writer is Prateek Mehta.)

TOP

Changing landscape of life insurance – How it is benefiting you – Financial Express – 2nd March 2022

The world came to a standstill with the coronavirus outbreak of 2019. But given the resilience that the human race is known for, individuals soon learnt to fight back and overcome the hurdles in 2020. The Covid-19 pandemic could well be a watershed moment for the insurance industry in India. Businesses shored up and there was a revival in the Indian economy. The silver lining in the journey was the growth opportunity presented by the insurance sector.

In the last year-and-a-half, there was a fair evolution in the customer preference and behaviour. Individuals started considering insurance as a necessary risk mitigation tool and not just another investment product. This pushed the primarily traditional and people-led insurance industry to move to digital.

Diversification of products

The insurance sector is constantly acclimatizing to newer tools and platforms to fulfil the evolving needs of the customers. Insurance players are offering simple and innovative products as a means to provide a better and seamless customer experience in the new digital environment. We are continuously assessing how product features may need to change as well as how the experience could be tailored to make risk protection-relevant in the new normal. There has also been a major shift in attitude from a pure product focus to enhancing customer satisfaction with personalized products. This depends on the growing financial need, life goals, and risk appetite.

Underwriting decisions

Over time, life insurance companies have tightened their underwriting norms for protection policies and hiked premiums after there was a surge in death claims during the coronavirus second wave. In many ways, insurers are increasing their dependency on alternative sources of underwriting using AI models and adopting a method of virtual medical examinations. This is poised to have a direct and positive impact on cost and time, thereby making it an imperative part of the overall issuance processes.

Overall, with bounded optimism, looking forward to 2022 as an exciting time for the industry in terms of the opportunity size increased customer understanding and customer-centric, tech-led innovations.

Digital assets

The 'digital first' approach is slowly changing the way insurers have traditionally been interacting with customers and providing customised services In fact, digital has become mainstream and the entire operating model has shifted to be ready for the "new normal". This also has helped us to compete against multi-service, low cost digital financial services. We will see growing collaborations between insurers and digital platforms which have the potential to enable more sophisticated online distribution, predictive underwriting and more efficient claims management

The major shift from physical to online and digital modes of life insurance has had a positive impact on the sector. There has been a higher insurance penetration along with greater operational efficiency and a better product mix, which is tailor-made for different audience segments. Technology has led to better responsiveness and awareness about how imperative insurance is, the regulatory framework, players in the market, and new and existing products and their end benefits.

Insurers today are not only providing an intuitive interface for buying policies in a contactless manner with just a few clicks but are also using technology to conduct easy and hassle-free medical tests. In our company, along with technology that enables month-on-month on boarding of advisors, there has been almost 100 per cent adoption of e-sales. Here, the platforms connect the customer, the advisor, the sales manager and the contact centre simultaneously.

All queries related to customers are resolved through AI-driven chatbots. Further, insurers are making the claims process seamless by using multiple digital channels. All these processes are enabling insurers to take the next step by reimagining physical interaction, thereby maximizing productivity and enhancing customer experience which also included resolving their grievances as quickly as possible and in a smooth manner.

While there is a quick shift to digitization, the agents will continue to remain the backbone of insurance companies. The reason for this is that people still look forward to personal assurances and prefer face-to-face interactions with agents before investing their hard-earned money.

Predictive underwriting
Validation of certain criteria like insurable interest, age, income, sum assured, occupation, and so on which fall under the bracket of risk profiling is conducted to ensure a positive scoring is acquired for better understanding and categorization of the applications. It is a rule-based underwriting method that issues policies directly to the customers based on multiple parameters, post which a pre-approved sum assured (PASA) for certain customer segments allows them to buy insurance covers in a hassle-free manner.

At an organizational level, over 95 per cent of our new proposals are now logged in through digital platforms. We are bettering our customer servicing, especially in claims management by adopting the best-in-class technology and investing in relevant digital tools. On the other hand, our individual Claims Settlement Ratio is one of the best in the industry at 98.54 per cent (FY 20-21) which is a reflection of our efforts to settle claims expeditiously in a seamless manner.

TOP

How employers can choose right group term insurance for their employees – Live Mint – 28th February 2022

With corporates employing a sizable workforce, it is a responsibility to take care of themselves and the organization along with its employees, and often their dependents and families. The past spate of infections has established how dreadful pandemic-led mortality can be. While it is important to stay safe and protected, one should also prepare for the worst-case scenario. Raghu veer Malik, BU head-corporate insurance, Policybazaar.com, said that amid Covid times, term insurance has come to the rescue of many. Term insurance, known as the simplest and purest form of insurance, has accelerated adoption among large and small corporates alike. It helps companies cast a wider safety net and makes employees feel secure and valued. “Group term insurance has understandably become an essential component of compensation packages to ensure financial security for employees’ dependents. Usually, most companies offer basic coverage to employees for free of cost. Further, the employers give employees an option to add extra coverage, features, riders or benefits as required for an added cost," said Malik.

As mentioned earlier, companies usually provide basic coverage as the policy is based on the cumulative risk of the group as a whole. However, the times we are living in are like nothing we have seen before. The workforce across the country has battled several challenges - economic downturn, slashed pay-cheques, rising medical inflation, increased work and mental pressure, dealing with the loss of lives and finances among several others. “In many cases, the earning member is the sole breadwinner of the family.

The unfortunate death of the employee can wreck the future of the entire family. Also, many people just rely on the coverage provided by their employer - be it health or term insurance. Due to lack of awareness or affordability, they often don't opt for an individual policy. All these factors can be a disaster in making if they don't have enough coverage for their dependents. Given these times, it's best to go the extra mile and provide sufficient coverage in a group term insurance policy," said Malik.

Term insurance serves the sole purpose of providing financial support to dependents in case of the policyholder's death. Unfortunately, people are not exposed just to the risk of death during these times, but also uncertainties arising from a long-term illness or permanent disability. Group term insurance policies are often not designed to cover the risk arising out of all three. In such cases, riders come to the policyholder's rescue. For instance - The accidental disability benefit rider offers additional cover to the insured person in case of accidental disability. Similarly, critical illness rider helps provide an extra source of income in case the policyholder is diagnosed with a life-threatening condition like heart attack, stroke, kidney-related ailments or cancer. Malik said, "Riders such as accidental disability benefit rider, critical illness rider, etc., can be made available to the employees at a reduced cost. Not just this, the employers can help raise awareness around these riders among employees and encourage them to opt for these for their benefit."

Sanjiv Bajaj, joint chairman & MD, Bajaj Capital, said that since the Covid outbreak, remote work had been the new normal, making the employer-employee connection a distant one. Technology has come to the rescue of all industries in the world of social distancing. Corporate insurance is no exception. Adopting digital innovation can greatly help the employer and employees. A digitally automated process helps the employee and their family in distress and helps the company with faster and smoother claim processing." Technology also helps overcome the one-size-fits approach at workplaces regarding insurance. This holds especially true for small and medium-size firms with higher control over customization and flexibility in the policy depending on the company's demographics, said Malik.

(The writer is Navneet Dubey.)

TOP

What's making endowment plans the preferred savings tool – The Economic Times – 28th February 2022

In a world faced with pandemics, rising inflation, job cuts, spiralling living costs, we are all faced with quite an unpredictable future. Ensuring your financial protection and that of your family hence becomes extremely essential to remain unfazed by such conditions. Savings is the best way to ensure you are safeguarded as it helps in accumulating your money systematically creating a pool of wealth over time that you can use to realise long-term goals like education for children and/or marriage or buying a car or home. It also covers you during unforeseen circumstances or emergencies in the future, helping achieve a secure, stress-free and financially independent life.

One of the low-risk savings tools that could prove to be your best investment option is an Endowment Plan. By investing in one, you are getting yourself investment as well as insurance in a single policy. While it guarantees death benefits, tax benefits and flexible premium payments, the highlight of this life insurance policy is the Maturity Benefit it offers.

These goal-based savings plans help in accumulating a large corpus over a long duration that you can receive as a lump sum amount at the maturity of the policy. Since financial goals can look different for different people ranging from a child's education or wedding, buying a house or simply reinvesting money or using it to enjoy post-retirement life, you can utilise this lump sum amount at maturity to meet any such goals depending on your needs and wants. Along with providing financial stability, Endowment plans also help impulsive buyers build a disciplined route of savings. Some of the other benefits of getting this plan are that it pays a lump sum amount to the nominee in case of an unfortunate event occurs with the policyholder, offers tax exemption under sections 80C and (10D) of the income tax act, in case of any emergency you can also avail loan facility against the policy. There are several Endowment Plans in the market. How do you know which one to invest in? Choosing an apt Endowment plan won't be tricky if you thoroughly factor in your individual needs, income, current life-stage and risk appetite and prospective future events involving money. One of the best Endowment plans that can cover almost all of your needs is HDFC Life Sanchay plus Plan.

This Non-Participating, Non-Linked Savings Insurance Plan has been crafted in a way it offers flexibility, regular income, assured returns, rider options to enhance cover and much more offering a secure future for your family and in fact, shaping up a legacy for them:

Flexibility: The HDFC Life Sanchay Plus Plan gives you the flexibility to claim for the guaranteed benefit wherein the insured within the HDFC Sanchay Plus can use it either in a form of regular income or lump sum amount.

Long-term Income Option: This plan provides the long-term income alternative wherein the insured can obtain guaranteed income for the fixed term of 25 years to 30 years.

Life-long Income Option: The insured will most likely receive the guaranteed income till 99 years of age under the HDFC Life Sanchay Plus and a return of the total premium paid at the end of the Pay-out period upon payment of all due premiums and Life Assured surviving the policy term.

Guaranteed Income Option: This plan provides the guaranteed income alternative wherein the insured can obtain guaranteed income for the fixed term of 10 or 12 years.

Rider Options: You can enhance the HDFC Life Sanchay Plus coverage and choose the rider options like cover for accidental disability, critical illness upon the payment of the additional premium sum. Free-look Period: The buyer of the HDFC Life Sanchay Plus gets the free-look period for up to 15 days wherein one can cancel the policy in case it doesn't suit your requirements.

Tax Benefits: The HDFC Life Sanchay Plus premium paid remains tax exempted within Section 80C.

Investing in a savings plan is considered investing in peace. Mostly because it lets you stress less about finances as it leaves little room for uncertainties or financial setbacks. Most importantly, it puts you in a position to make better life decisions with ease. Along with the features, what makes The HDFC Life Sanchay Plus Plan even more lucrative is the ease with which it can be bought online in five quick and easy steps. So, begin your first few steps towards a financially secure future with HDFC Life Sanchay Plus today. The sooner, the better always.

(The writer is Anushree Singh.)

TOP

HEALTH INSURANCE

Health insurance guide for first time young buyers - Financial Express -3rd March 2022

With respect to our health, the past two years have revealed that multiple family members can fall sick severely at the same time and in the same year, that being young doesn't protect one from deadly viruses, and that heath treatment cost is skyrocketing.

Considering these aspects, "it is prudent for the young population of the country to also invest in a health insurance policy to financially protect themselves against any healthcare-related expenses," says Rakesh Jain, CEO at Reliance General Insurance.

Taking a health insurance plan when you are young and healthy has its own benefits. For instance, insurance premiums are charged basis the policyholder's current age and existing diseases. Hence purchasing a policy when young and without any diseases will offer you a lower premium. It will also ensure wide coverage. The mandatory waiting period for certain ailments such as cataracts, knee replacement will be less for younger policyholders.

However, Jain points out, "If you have a company-provided health policy which generally comes with a standard sum insured of Rs 3-5 lakh and many exclusions or co-pays, you need to consider whether the amount is enough to cover healthcare costs for you and your family if all taken ill in the same year.

"One should also factor in the medical inflation which is rising at a rate of 15 per cent every year," adds Jain.

Advantages
The advantage of having an individual or a family health insurance is that you can decide the sum insured amount and opt for add-on covers as per your requirements. Additionally, unlike company health policy, your personal healthcare policy will be active even if you change your job or discontinue employment. Hence, Jain explains, "invest in an individual or a family health insurance to ensure quality healthcare services for you and your family without having to worry about the medical inflation."

What should first-time buyers do?
As a first-time buyer, experts say one must consider a few things before purchasing an individual or family health insurance policy. Jain says "Sum insured should preferably depend on your salary, the city you reside and history of family illnesses." For instance, if you have a family of 4 people, then it is advisable to get coverage of at least Rs 15 lakhs-20 lakhs to eliminate any financial burden.

Also look at factors like the network of hospitals of the insurer, availability of a cashless facility, health conditions that are excluded from the health cover, and add-ons offered by insurers. "It is important to consider all aspects big or small before finalizing a health insurance cover that will give you maximum protection," says Jain.

(The writer is Priyadarshini Maji.)

TOP

Illness to Wellness: How health insurance plan paves this journey - Hindustan Times – 3rd March 2022

The recent awareness and increase in the demand for health insurance plans can be quoted as a sudden effect of the pandemic that forced people to insure themselves and their family members under fear. Indeed, health insurance turned out to be instrumental during the pandemic that helped people in getting access to various medical facilities and medications at the time of the emergency.

However, limiting our thoughts that health insurance is required until the COVID19 wave is at its peak, is absolutely a wrong presumption. Similar to our savings and wealth creation that are accumulated for the long-term crises management system; health insurance is also a useful investment at the time of any medical emergency that gives us the financial freedom to seek the best of treatments to save lives.

According to the World Health Organisation (WHO), in India, roughly 5.8 million Indians die because of diabetes, cancer, stroke, heart and lung diseases each year. In other words, out of 4 Indians, 1 has risks dying from Non-Communicable Diseases before the age of 70.

With diseases spreading at such a rapid pace, a comprehensive health insurance plan turns out to be one of the best solutions to keep diseases at bay with timely and right treatments without reeling under the burden of financial pressure. With the advancement taking place in the health insurance industry, there is a huge array of health insurance schemes with multiple services available in the market that allows you to select the best-suited plan for you and your family and pay according to the services taken. There are special plans for critical illness diseases, personal accidents, maternity, senior citizens, or in case, somebody wants to go deeper in specification then there are insurance plans for heart diseases, diabetes, cataract and more.

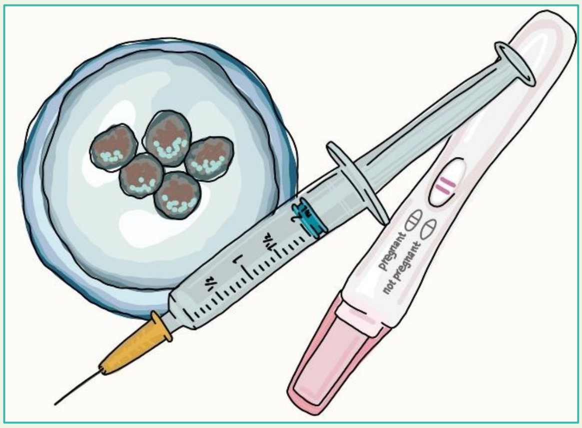
Moreover, the myth that health insurance only pays for the hospitalization doesn't exist any longer as it plays a vital role in daycare, OPD, and home care treatments that mostly come as an inbuilt part of the plan in the new age plans. It means no additional charges for services other than hospitalization. In fact, health insurance companies have derived an effective way to keep their promise i.e. constant support with an interesting feature called Restoration. In restoration health insurance plans, the sum insured amount gets automatically restored once it is consumed by the policy. This feature ensures that the policyholder never runs out of money in their insurance plan during the policy tenure. Not only freedom to live a life to the fullest but today health insurance helps you in saving your money by charging premiums specific to the services. It leads to no wastage of money.

Additionally, health insurance schemes play a pivotal role in ensuring that your savings remain protected for your future goals instead of spending them on health emergencies. Primarily health insurance plans come lighter on pockets when it is taken at the early stage of life as well as take your insurance plan to the maturity level where it starts covering diseases after the waiting period to save your additional money on the premium. The evolution taking place in health insurance is not restricted to the plans and benefits but the explosion of the web insurance aggregator sector has empowered consumers to make a confirmed selection with comparison, free premium quotes and easy & quick purchase facilities. PolicyX.com, partnered with most leading health insurance companies in the country, offers the best-suited health insurance plans to each visitor with the help of Artificial Intelligence. With their dedicated customer service, this IRDAI approved & highly trusted web insurance aggregator in the industry marks excellence in customer support.

(The writer is Naval Goel.)

TOP

Insurance coverage can augment IVF, making it more accessible - The Economic Times – 3rd March 2022



The purpose of the ETHealthworld Fertility Conclave powered by Bharat Serums and Vaccines Limited (BSV) was to give a forum for the healthcare industry, as well as to forge a new vision for IVF and open up new parameters in human reproduction. In the events second panel discussion titled Growth Prospect of Insurance in IVF: Impact on payers, providers and patients, the issue of insurance in the healthcare industry, notably in the IVF sector, was explored. Panellists spoke about how to navigate the cost for patients and bring traction to healthcare companies, including how the new ART bill offers a 'silver lining' for both patients and health insurance companies.

Dr Jaideep Malhotra, Founder, Rainbow IVF was the moderator for the discussion. Speakers for the panel included Dr Neena Malhotra, Professor AIIMS and General Secretary, Indian Fertility Society, Dr Kaberi Banerjee, Medical Director, Advanced Fertility and Gynaecologist Center, and Dr S Prakash Subbarayan, Managing Director, Star Health and Allied Insurance Co Ltd. Dr J Malhotra began the discussion by stating that "It is very important for us to understand that infertility is not an easy thing, either to treat or not to treat, and also that the human relationships revolving around it and society play a huge role. As a result, it could be extremely stressful, isolating, and, most importantly, financially draining." To which doctor Dr N Malhotra, added, "There are two or three reasons why insurance is not falling into place. Firstly there is no registry in the country as of now, but that doesn't mean the country's registry has gone ahead and started giving insurance, there is no law on our side of the world, it will take time to roll out." Dr Banerjee, also mentioned that the cost of IVF is a major factor in couples' decisions, she said, "When patients first come to my practice, the first question they ask is what is the success rate and the cages involved."

From the perspective of insurance companies, Dr Subbarayan said, "There are two things insurance companies take into account: the incidence of disease and if covering a hundred women of reproductive age group, how many will come under infertility evaluation. The second is what is going to be the average cost of the evaluation or for treatment like IUI and IVI etc." He also said, "Insurance companies, particularly health insurance companies in India, 90 per cent of them are not making a profit because the incidence of diseases is on the rise and the payment to the hospital is unregulated." "ART Act truly is a silver lining for both the patient and the providers who are doing ethical practices and a bigger traction for the insurance company," said Dr N Malhotra. Dr Banerjee also added to it by saying, "Before deciding on which centre to go to, cost parameters are the biggest thing in IVF, as treatment is not successful in every attempt and as providers are under huge pressure to deliver quickly and efficiently The topic of insurance is a very big topic and it's going to help both the patients and the providers."

Dr Subbarayan also commented on what should be covered in the insurance and for how long, "Currently health insurance companies are not making profits. That's number one, number two is if infertility has to be covered, insurance companies come under the ambient of the Insurance Regulatory Development Authority of India (IRDA) and it clearly specifies that even mental health should be considered as a disease like any other physical ailment, so naturally, infertility has to be covered. Infertility should be covered in insurance but it cannot happen all of a sudden. It should happen in a phased manner by looking into common areas of treatment. The basic areas of investigation should be covered first. It should be done sustainably." Dr J Malhotra, concluded the discussion on "Growth Prospect of Insurance in IVF: Impact on payers, providers and patients" by saying, "The message here for the public that they should be looking at comprehensive coverage, and not only for the public but also the insurance company. It should start early, like when one gets married or when one has a polycystic disease, even for the younger age group. If one has comprehensive coverage right in the beginning, especially for the group of people who require early ART treatment, it will be possible, and it also helps the insurance companies stay afloat. "

TOP

Students returning from Ukraine may find limited support from their student insurance policies – Moneycontrol – 2nd March 2022

Over the last few days, the world has been a witness to the disturbing visuals of war-affected Ukrainian cities and long queues people attempting to flee. And amongst those are thousands of Indian students studying in the crisis-hit nation's universities. Many are stranded at Ukraine's borders with its neighbouring countries, waiting to be evacuated. Will their student insurance help in these troubled times?

Dealing with extraordinary times

Besides the immediate concerns about their safe return home, there is also a question mark over the future of their educational courses. Unlike in the case of COVID-19, when universities decided to conduct classes online, Indian students cannot rely on this option just yet as the war unfolds.

“A clear picture is unlikely to emerge before six months. The uncertainty could prompt some students to rethink their career goal timelines,” says Dhaval Mehta, Founder, TNI Career Counselling. Moreover, they may not be able to file claims under their insurance policies for any medical treatment, evacuation or study interruption either. “This is due to the clause in insurance policies that excludes wars, invasion, war-like situations and so on from coverage,” he adds.

For example, Oriental Insurance’s overseas student policy – designed specifically for students pursuing studies abroad - states that any loss, damage or liability that is directly or indirectly a consequence of war is excluded from coverage. The same is applicable to invasion, hostilities, rebellion, acts of foreign enemies and so on. The policy wordings are similar in case of other general insurance companies too.

So, your overseas travel or health policies can be of limited help, unless certain risks are specifically Covered under your policy. For example, some policies could pay for your evacuation to a safe destination. “Illness and accidents resulting from war and invasions are not payable under the travel policy. However, our retail travel policy has a cover called political risk and catastrophe evacuation. If it is recommended that insured (student) should evacuate the country they are in, we pay for the tickets for return of the insured to the country of residence or the nearest place of safety under this cover. Evacuation is generally undertaken by government agencies,” says Sanjay Datta, Chief, Underwriting, Claims and Reinsurance, ICICI Lombard General Insurance.

If you have an overseas student policy and are stranded in Ukraine or neighbouring countries, check if your policy offers similar coverage.

Student travel insurance’s limited utility

When overseas-bound Indian students fly out of the country to pursue their studies, many universities – especially those in the US and Europe – require them to be covered under health/long-term travel insurance policies. This is primarily to take care of their medical expenses while they are on campuses, besides other relatively smaller expenses. Student travel policies also pay for the expenses if students face medical emergencies or have to go back home due to parents’ death.

However in times such as wars and military invasions, it is not possible for insurance to honour all their commitments.

Insurance companies say this approach stems not from their lack of intent to assist students, but their inability to do so in times like these. “In such situations, we have limited influence beyond a point. It’s not that we do not want to cover, but our services are directly affected by war. For example, it will be difficult to arrange for cashless payment in a hospital in Ukraine. There are issues with international payment networks as well,” explains Nikhil Apte, Chief Product Officer, Product Factory (health insurance), Royal Sundaram General Insurance.

This was not the case with COVID-19, when insurers could pick up the tab for medical evacuation and also study interruption. “Back then, we had cases where family members in India were hospitalised for a month due to COVID-10 and students had to rush back home to take care of their parents. Study interruption covers also cover semester fees foregone if students are unable to go back to complete that term,” says Apte. This is one of the key covers that makes overseas student travel policies valuable.

However, in exceptional situations such as wars or invasions, the policies cannot be enforced.

“Typically, exclusions for any claim arising out of war or any act of war is clearly stated in the policy documents. Any Interruption in the student's study due to war-like situations is usually not covered under the travel insurance product. However, it’s always best to check with the insurance company to ensure you are aware of all the terms and conditions,” Nikhil Kamdar, Appointed Actuary, Digit Insurance.

Since war and war-like situations figure in travel insurance policies’ list of general exclusions, Indian students in Ukraine may not be able to the claim the reimbursement of medical expenses, for instance. But insurers can provide support in other ways. “We do provide guidance through our local partners on the ground. Since they have access to updated travel advisories and other information from all countries, they can provide the right guidance," says Apte. Such companies can direct you to the most feasible way out of the crisis zone. "Also, if you are coming to India via Poland and France, and happen to lose your passport or baggage in transit, such losses will be paid for under our student travel policies," says Apte.

Despite limitations in war times, overseas student travel policies a must
Though travel insurance covers offer limited support in desperate situations such as the current Russian invasion of Ukraine, you still need to buy one when you decide to go abroad to study. They can come in handy under regular circumstances.

You can fall back upon the cover if you were to undergo medical treatment, lose your baggage, passport or miss connecting flights. During COVID-19, insurers also paid for accommodation expenses in case the need for quarantining at hotels or other facilities arose in destination countries.

Some universities insist that students buy locally-provided health covers and you could be asked choose amongst the insurers that the universities have tied up with. "Even if local covers are mandatory, by a supplementary policy from an Indian insurer before you fly out. The deductibles (part of the claim amount the insurer will not pay) tend to be higher under local insurers' covers compared to Indian insurance policies. Also, they will not cover inconveniences such as missed flight or loss of checked-in baggage," says Apte.

TOP

MOTOR INSURANCE

Road ministry issues new rules on road accident reporting for claim settlement – The Economic Times – 3rd March 2022

The road ministry on Thursday said it has issued a notification to mandate the procedure for detailed investigation of road accidents, detailed accident report (DAR) and its reporting along with timelines for different stakeholders for quick settlement of claims by the Motor Accident Claim Tribunal (MACT).

The ministry in a statement further said the incorporation of validated mobile numbers in the certificate of vehicle insurance has also been made mandatory. The new rules will come into force from April 1, 2022.

According to the notification, immediately on receipt of the information of a road accident, the investigating officer of police shall inspect the site of accident, take photographs of the scene of the accident and the vehicle(s) involved in the accident and prepare a site plan. In injury cases, the investigating officer (IO) shall also take the photographs of the injured in the hospital, the notification said, adding that the IO shall conduct spot enquiry by examining the eyewitnesses/ bystanders.

As per the notification, the investigating officer shall intimate the accident to the claims tribunal within 48 hours of the accident, by submitting the first accident report (FAR) in Form I. If the particulars of the insurance policy are available, the intimation of the accident in Form I shall also be given to the Nodal Officer of the concerned insurance company of the offending vehicle, it said.

It added that a copy of Form I shall also be provided to the victim(s), the state legal services authority, insurer and shall also be uploaded on the website of state police, if available. The notification said the IO shall furnish the description of the rights of victim(s) of road accidents to the victim(s), or their legal representatives, within 10 days of the accident.

The IO shall also file a copy of Form II along with the DAR, it added. The investigating officer shall provide a blank copy of Form III to the driver of the vehicle(s) involved in the accident and the driver shall furnish the relevant information in Form III to the investigating officer, within thirty (30) days of the accident.

While in case of any minor child/children of the victim(s) of the accident, the notification said the IO shall provide blank Form-VIA to the victim(s), who shall fill up the relevant information/attach the relevant documents and submit the same to the investigating officer within 60 days of the accident. Thereafter, the IO shall send the copy of the victim's Form-VI and VIA along with DAR to Child Welfare Committee, within 30 days of receiving the aforesaid Form-VI and VIA from the victim(s), it added. According to the notification, the committee shall ascertain if the child is in need of care and protection as per the provisions of the Juvenile Justice (Care and Protection of Children) Act, 2015.

TOP

Electric vehicles not getting rightly depreciated, say insurers – Business Today – 28th February 2022

There are multiple issues that insurers are grappling with when it comes to motor insurance of electric vehicles (EVs). One of the major concerns is to rightly depreciate the electric vehicle, as the cost of the battery is around 50 per cent to 60 per cent of the total cost of the car, which makes the treatment of depreciation bit tricky.

Currently, the depreciation rates for electric vehicles are the same as of Internal Combustion Engine (ICE) vehicles. In a petrol or diesel engine, the engine lifetime is usually 10 to 15 years. But in the case of EVs, the average life of a battery is somewhere between 2-4 years.

“A problem is that the traditional motor insurance has a defined schedule of depreciation that applies. The same depreciation schedule might not go true for the battery. The battery will probably depreciate much more rapidly than a traditional vehicle or traditional motor insurance tariff. So, when we are providing insurance for the electric vehicles, we need to take care of that aspect so that it is rightly depreciated and there is no loss to the customer as well as you are not inviting moral hazard against the insurance company,” says Adarsh Agarwal - Chief Distribution Officer at Digit Insurance.

In India, EV sales accounted for barely 1.3 per cent of total automobile sales during 2020-21. But the market is expected to grow at an estimated CAGR of 90 per cent from 2021 to 2030 and be worth more than $150 billion by 2030, according to a report by RBSA Advisors, a transaction advisory firm.

“The volumes are too low for anyone to comment on this. In motor insurance, we cover any loss to battery against accidental and Act of God perils. Electrical and mechanical failure is not covered. As we know, the battery is a critical part of an EV vehicle and it constitutes 60 per cent of the vehicle price including sensors. The result of this can be that a minor accident in which the battery gets damaged can result in constructive total loss,” said Raghavendra Rao, Chief Distribution Officer, Future Generali India Insurance.

Rao further argues that currently it is the norm to apply 50 per cent depreciation on the battery component. “As EV does not involve mechanical parts, they have minimal effect on wear and tear. The depreciation issue in EV may get resolved once the insurers build up some volume of business it will be possible for actuarial evaluation,” he added.

The issue seems pronounced as the depreciation rates are linked to the residual values, the material composition of the parts, among other things. Rao points out further that, “As there is no engine many insurers are not providing these covers under the existing 'Engine protect add on' but battery and sensors may get damaged due to water ingress may need to be looked at differently."

In existing policies, there is no provision to incorporate a differential structure for the battery depreciation because the motor insurance product is fixed which is defined by the Insurance Regulatory and Development Authority of India (IRDAI). "We can't deviate from that or make changes in the depreciation schedule," Digit's Agarwal added.

Separate premium rates for private EV third-party liability insurance cover were introduced by IRDAI in 2019. The premium rates are a 15 per cent discount compared to rates for ICE vehicles of similar categories.

(The writer is Teena Jain Kaushal.)

[TOP]

REINSURANCE

Opportunities and challenges for India as Russia reaches out amid sanctions – Business Standard – 3rd March 2022

Russia has already reached out to India to use the International North South Transport Corridor (INSTC) across Central Asia, using the Chabahar port in Iran, to transport emergency supplies of grain. The interest is one of the several other positive economic fallouts of the Russia—Ukraine crisis for India. Indian insurance companies are also considering higher ceding premiums for treaties with European reinsurers. As war clouds hover over Europe, Indian companies are concerned about their exposure to risks in these territories. This is significant, since traditionally the Europe and US-based reinsurers have negotiated higher rates to cover reinsurance for the supposedly more risky Indian insurance market. Moscow has, meanwhile, already sent at least three container vessels, with one having reached Colombo port with supplies of urea, and other petroleum derivatives like LDPE and HDPE, for India. Since the return leg via the Suez Canal and then into the Black Sea has become increasingly difficult, talks are on to make the voyage via the Chabahar port, where India operates two container terminals.

An informed source said while the ships are sourced from the Astrakhan SEZ in Russia, they are being run by crews from the Turkmenistan shipping liners. "The Russians wish to run the first voyage within a week and the next two within April," the source said. The presence of nationals from neutral countries will ensure that the problems of presence of Russian crews in Indian or Iranian ports will be avoided. The port of choice is Chabahar, the source added. A round trip from Jawaharlal Nehru Port from Kandla in India to Chabahar and back takes about seven days. From the port the shipments can use the Eastern route via Afghanistan or the Western route that straddles the Iranian sea shore to reach the Central Asian states. "Whatever the Russian compulsions, the advantage for India is the revival of interest in the INSTC as a long-term trade route", said Sohel Kazani, Managing Director of Bharat Freight Group of Companies. His company has been involved with the Chabahar adventure for several years as a freight forwarder.

INSTC's business viability has, for years, been hobbled by the current low volume of trade of India with Central Asia. In 2020, India's trade with the entire region including Russia was just $16.1 billion ($15.8 billion in 2018), just 2 percent of India's total annual trade volume. Russia's current troubles could be the right trigger to revive the 12 nation INSTC project as an alternative cheaper trade route, to the Suez Canal. The other is the revival of the Rupee-Ruble trade that had been almost dumped for decades. Talks are on in the government for restarting the dormant exchange mechanism. For India, the key challenge will be to designate the Indian bank which will steer the business. To do business with sanctions hit Iran, the Indian government had designated UCO Bank and IDBI Bank. It is expected that UCO Bank will again carry the mantle. This is one of the banks, which has been kept out of the big mergers that happened in the banking space among government run ones, in 2020.

The big challenge will be how to make operational the MoU signed between the Russian Railways (RZD) and Indian Railways-run Concor in 2020, to jointly develop multi-modal logistics services along the INSTC route. The project was based on the promise of a long-term secure line of financing from the Russian Direct Investment Fund (RDIF), established in 2011. Concor had begun work on inviting tenders for the project, but now since RDIF has been hit by sanctions, it pushes back the timeline for the project to an indefinite future. While Indian insurance companies will not benefit from these trade connections, because of continuing sanctions on Iran and new ones on Russia from the US dominated financial system, there are other benefits which could accrue. Business at GIC Perestrakhovanie LLC, the 100 percent owned subsidiary of India's national reinsurance company GIC Re, is set to expand in the absence or closure of European rivals because of the crisis. The company was set up in 2018 and does mostly property insurance in Russia. "These are transacted in Rubles and so long as the conversion window with the Indian Rupee is open, we do not see any adverse impact", said a government source. The company's geographical spread is limited to Russia and the Central Asian countries. It does not underwrite the oil transport business of Indian refiners and so does not have to restructure its portfolio.

However, those shipments of Indian refineries from Russia, might soon be handled by only Indian insurance companies. There was strong competition among the global insurance companies to capture these trades, since the risks are considered low. But the sanctions on Russia have made it difficult for them to offer any cover now. For instance Indian Oil has advised traders planning to sell it oil that it will no longer accept cargoes of Russian crude oil and Kazakh CPC Blend on a free-on-board terms. The traders must include an insurance cover with their consignments because of higher war risks in Black Sea. This opens up opportunities for Indian insurers to grab the trade. India's other financial sector foray in Russia, is Commercial Indo Bank, Moscow. It needs regulatory approvals from Russia to develop full-fledged operations, which are unlikely to come through in a hurry in the present disturbed climate. So those will likely be delayed.

The projects which will possibly not be affected by the sanctions raining down on Russia, are the ones signed for construction of the second nuclear power plant units, at Kudankulam, in India. In the joint statement signed by Russian President, Vladimir Putin and Indian Prime Minister Narendra Modi, in December last year, there was mention of the continuation of technical discussions on the pressurised water reactor of Russian design along with joint manufacturing of equipment and localization of components. But the plans for joint development of a nuclear power plant in Bangladesh and for similar ventures in other countries, are now off the table. Similarly the planned cooperation between the Russian State Space Corporation "Roscosmos" and the Indian Space Research Organization, Isro are also likely to continue. On the plate are plans for human spaceflight programs and satellite navigation including operation of launch vehicles and ground-based space infrastructure.

(The writer is Subhomoy Bhattacharjee.)

TOP

PENSION

NPS asset growth impacted by Ukraine conflict, tough market conditions: PFRDA – The Hindu Business Line – 1st March 2022

Pension regulator PFRDA sees the overall pension assets growth under National Pension System (NPS) falling short of the declared aim of ₹7.5-lakh crore by end March 2022. The volatility in equity and debt markets over the last few months — exacerbated by the latest Ukraine-Russia conflict — has impacted the growth in pace of pension assets this fiscal, Supratim Bandyopadhyay, PFRDA Chairman, has said.

"We will fall short due to the prevailing market conditions. We have made all efforts. We are now at ₹7.19-lakh crore and we could have grown faster to about ₹7.35-lakh crore but for the market conditions. Achieving ₹7.5-lakh crore at this stage looks a distant unless the markets see a significant rise in March," Bandyopadhyay said.

At the same time, Bandyopadhyay expressed confidence that things will look up immediately if the geopolitical situation improves. “We really don’t know how and when things will get resolved at the Ukraine front,” he said.

This pressure on NPS pension assets growth also comes at a time when more and more States believe it is not politically expedient to be part of NPS or adopting NPS. A case in point is Rajasthan, which in its recent Budget announced its decision to move out of NPS. Political parties in the run up to the ongoing Uttar Pradesh assembly elections have promised in their election manifestos of their intent to move to a defined benefit scheme and move out of NPS.

TN, West Bengal

Large States like West Bengal and Tamil Nadu (which showed initial intent but stayed away) are still not part of PFRDA regulated National Pension System.

Bandyopadhyay said that Pension Fund Regulatory and Development Authority (PFRDA) is in touch with both West Bengal and Tamil Nadu and looking to convince them to adopt NPS. As for Rajasthan, he said that PFRDA has so far not received any communication from Rajasthan Government conveying their decision to move out of NPS.

On Tamil Nadu, Bandyopadhyay said: “I think they (Tamil Nadu) are not technically even part of NPS. Because they initially wanted to join NPS but never joined NPS. It is not only West Bengal. Even Tamil Nadu also. There was a notification issued by the Tamil Nadu government in 2003 and that is well documented. That is even before central government came with its NPS notification.

“So TN govt had all the intention to join NPS and thereafter there was a second thought. No money was deposited with our NPS Trust and system. That is the status. We are trying. As a regulatory body, we can tell them this is in your interests to join NPS. But it is finally their decision to join or not to join.”

Equity, debt markets

Indian equity markets have seen huge volatility in the last six months, driving down benchmark indices by over 10 per cent on the back of foreign portfolio investors dumping about $14 billion worth shares so far since September last year. A robust flow of retail monies flowing into equity markets has only partly helped stem the downward correction markets, which was also impacted by exogenous shocks like Ukraine conflict and impending US Fed interest rate increase.

“In equity markets we have seen huge volatility and corrections. Debt market is also seeing hardening of interest rates (almost 100 basis) —quite a bit in last six months. Otherwise, we could have been at AUM of ₹7.35-lakh crore by now,” Bandyopadhyay said.

India’s NPS AUM has been recording compounded annual growth of over 30 per cent in recent years. Pension AUM as of end March 2021 stood at ₹5.76-lakh crore as against ₹4.17-lakh crore as of end March 2020. In fact, PFRDA was not only aiming for pension AUM of ₹7.5-lakh crore by March 2022, it had also announced that it was on path to reach a projected level of ₹30-lakh crore by the year 2030.

(The writer is K R Srivats.)

TOP

EPFO members can now change EPF/EPS nomination. Here's how to do this online – Live Mint – 26th February 2022

Employees' Provident Fund Organisation (EPFO) members can now change their EPF and EPS nominees online. The Provident Fund regulator body recently made an announcement in this regard and said that an EPFO subscriber can change one's nominee for EPF and EPS account. EPFO subscribers can now change their Provident Fund or PF nominee online by logging in at the EPFO website — epfindia.gov.in. New EPF nomination will override the previous nomination and the latest EPF/EPS nomination will be considered as final one.

EPFO made this announcement from its official twitter handle citing, "#EPF Members can file new nomination to change existing EPF/#EPS nomination."

At present, an EPFO subscriber can file one's EPF/EPS nomination online by logging in at the official EPFO website — epfindia.gov.in. Hence, one need not to visit nearest EPFO office and put request to change Provident Fund or PF nominee. No, an EPF account holder can do this on its own by filing a fresh EPFO nomination. However, before logging in at the EPFO website for changing one's PF nominee, one must collect the following documents:

For EPFO member: Aadhar linked activated UAN, Aadhar linked mobile number and updated EPFO member profile with address and photograph.

For Nominee: Scanned photograph, Aadhar card, bank account number, IFSC code and recent address with address proof.

How to change EPF nominee online
To change one's EPF/EPS nominee online, an EPFO subscriber is required to login at EPFO website — epfindia.gov.in and follow the below-mentioned step-buy-step guide:
1] Login at EPFO website — epfindia.gov.in;
2] Go to 'Service' option and select 'For Employees';
3] Click at 'Member UAN/ Online Service (OCS/OTP)';
4] Login with UAN and password;
5] Select 'E-nomination' under 'Manage' tab;
6] 'Provide Details' tab will appear on your monitor, click on 'Save' option;
7] Click on 'Yes' to update your family declaration;
8] Click at 'Add Family Details' option and add one or more than one nominee as per your wish;
9] Click at "Nominee Details' option and declare the nominee's share;
10] Click at 'Save EPS Nomination' tab;
11] Click at 'E-sign' to generate OTP; and
12] Submit the OTP received on your Aadhar-linked mobile phone.

(The writer is Asit Manohar.)

TOP

GLOBAL NEWS

Malaysia: Life insurers' new business sees double-digit growth in 2021 – Asia Insurance Review

Members of the Life Insurance Association of Malaysia (LIAM) recorded a stronger performance with a double-digit growth of 12.4% in new business total premiums in 2021 compared to 2020.

For the financial year ended December 2021 (FY21), the industry recorded MYR12.8bn ($3.1bn) in new business total premiums from MYR11.4bn in 2020, reported New Straits Times citing a LIAM statement.

The association attributes the stronger performance to increased awareness among consumers of the importance of life insurance protection amid the COVID-19 pandemic.

LIAM president Ms Loh Guat LAN said the industry recorded a healthier performance, driven by the strong rebound of investment-linked policies which rose by 31.2% to MYR6.6bn in 2021, despite the challenging business environment due to the pandemic.

Ms Loh said group policies recorded a moderate growth of 7.7% in new business total premiums to MYR4.1bn in 2021.

"However, traditional policies charted a decline of 17.3% during the year," she said in a statement.

Sums assured
Loh said the overall new business sum assured increased to MYR461.1bn, registering a modest growth of 5.4% from MYR437.2bn in 2020.

"The new business sum assured of investment-linked policies recorded a strong increase of 14.4% from MYR107.7bn to MYR123.2bn in 2021, while group policies recorded an increase of 2.8% and traditional policies, a slight dip of 1%," Ms Loh said.

Outlook
On the industry's outlook for 2022, she said she was very positive about the developments in the country in the coming months.

She said the encouraging take-up rate of the Perlindungan Tenang Voucher (PTV) programme boosts the industry's financial inclusion agenda. The PTV scheme is a national government initiative to provide simple, convenient and affordable insurance plans to low-income families and individuals that protect against risks such as death, accident, fire or other unfortunate events.

"The waiver of stamp duty for the purchase of Perlindungan Tenang products until the year 2025, in the long run will encourage more recipients to continue with their protection plans to ensure that their family and loved ones are protected against key risks in life.

"The introduction of the PTV programme to the lower-income groups is expected to support the demand for life insurance policies that will help drive the adoption of life insurance in the country," Ms Loh added.

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