



Insurance Institute of India

C - 46, G Block, Bandra-Kurla Complex, Mumbai - 400051

INSUNEWS

- Weekly e-Newsletter

3rd - 9th June 2017

• Quote for the Week •

“It is good to dream, but it is better to dream and work. Faith is mighty, but action with faith is mightier. “

- Thomas Robert Gaines

INSIDE THE ISSUE

Industry

News	Pg.
Industry	1
Life Insu.	2
Gen. Insu.	4
Health	8
Pension	8
Circulars	9
Global	9

IPOs of public sector general insurance firms to be delayed - Deccan Chronicle - 8th June, 2017

The government is looking to restore the financial health of state-owned general insurance PSUs before listing them at exchanges, an exercise that is likely to delay their initial public offerings (IPOs). In the process it has also junked a plan to merge three relatively weaker general insurance companies to create a large entity with strong customer profile.

The rethink is sparked by fears that financially weakened insurers might not get right valuation in the market. In January, the Cabinet Committee on Economic Affairs (CCEA) had approved a proposal for listing four public sector insurers and one re-insurer, bringing down the government shareholding in them to 75 per cent in phases.

However, poor financial health of three insurers has emerged as a key hurdle to implementing the plan.

While the solvency ratio of National Insurance (1.26 per cent) and Oriental Insurance (1.1 per cent) is less than the threshold of 1.5 per cent mandated by sector watchdog Insurance Regulatory and Development Authority (Irdai), United India Insurance suffered huge losses (Rs 429 crore) in the first half of 2016-17.

Sources in the department of investment and public asset management (Dipam), said the listing plant could get delayed as the government is looking at improving the financial health of insurance PSUs. However, listing of the other two firms — GIC Re, the state owned reinsurer, and New India Assurance — would proceed unhindered, sources added.

Earlier, the government had also toyed with the idea of merging financially weaker insurers with stronger ones.

The Dipam, along with the department of financial services, had initiated consultations on a possible merger of Oriental Insurance, National Insurance and United India Insurance to create a stronger entity.

However, the government later dropped the plan on realising that implementing it could prove tricky. The non-too-happy experience of merging Air India and Indian Airlines also weighed against the plan.

The listing is also meant to comply with Securities and Exchange Board of India's (Sebi) guidelines on minimum public shareholding for PSUs, but it would help the government meet its disinvestment target.

The government has targeted to raise Rs 72,500 crore under its disinvestment programme for the current financial year, much higher than Rs 46,000 crore that it mobilised last year.

The government has lined up a number of PSUs, including Indian Oil and Steel Authority for stake sale this financial year.

It has already raised nearly Rs 2,500 crore via minority stake sales in Nalco and Hudco. Besides, it plans to float another CPSE Exchange Trade Fund to expedite minority stake sales.

Sale of Specified Undertaking of Unit Trust of India (Suuti) stakes is also high on the government agenda, which is also pursuing strategic sale of national carrier Air India on an urgent basis.

Source

Timely listing of insurance PSUs would be critical for meeting the 3.2 per cent fiscal deficit target for this year. If the insurers' listing plan gets delayed, the government will have to mobilise additional resources from elsewhere to stay on the path of fiscal consolidation.

[Back](#)

Life Insurance

All about Pradhan Mantri Jeevan Jyoti Bima Yojana – The Economic Times – 2nd June, 2017

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) is a one-year life insurance scheme, renewable from year to year, offering coverage for death. The cover under PMJJBY is for death only and hence benefit will accrue only to the nominee. PMJJBY is a pure term insurance policy, which covers only mortality with no investment component.

PMJJBY is available to people in the age group of 18 to 50 years (life cover up to age 55) having a savings bank account who give their consent to join and enable auto-debit. The cover is for a one-year period, starting June 1 to May 31. As on May 8, 2017, nearly 3.11 crore people had enrolled under PMJJBY, and the total number of claims received till date were nearly 65,083.

Under PMJJBY scheme, life cover of Rs. 2 lakhs is available at a premium of Rs.330 per annum per member and is renewable every year. In the case of a joint account, all holders of the said account can join the scheme provided they meet its eligibility criteria and pay the premium at the rate of Rs.330 per person per annum.

This is how the break-up of the premium works - a. Insurance Premium to the insurance company: Rs.289 per annum per member; b. Reimbursement of expenses to agent/bank: Rs.30 per annum per member; c. Reimbursement of administrative expenses to the participating bank: Rs.11 per annum per member.

For the cover period 1st June 2017 to 31st May 2018, subscribers are required to enrol and give their auto-debit consent by 31st May 2017. Those joining subsequently would be able to do so with payment of full annual premium for prospective cover.

Waiting period for claims

Risk cover under PMJJBY is applicable only after the first 45 days of enrolment. In other words, insurers do not have to settle claims during the first 45 days from the date of enrolment. However, deaths due to accidents will be exempt from the lien clause and will still be paid.

Enrolment

PMJJBY is administered through LIC and other Indian private life insurance companies. One may also approach their bankers as for the process of enrolment banks have tied up with insurance companies. In the case of multiple bank accounts held by an individual in one or different banks, the person would be eligible to join the scheme through one bank account only.

For those who wish to join the scheme now may still do so. One may join or renew the scheme anytime during the year by paying the full premium and not the proportionate amount. However, the renewal date will remain June 1 for all of the subscribers.

It's better to join now and get the cover for the entire 12 months. If you had exited the scheme at any point, you may still re-join the scheme by paying the annual premium.

The enrolment process has been kept simple and easy. To enrol, you can download the form and submit it to your banker. Some banks have initiated an SMS-based enrolment process too. It can be done through net banking also. To join/pay by auto-debit from the designated individual bank account on the prescribed forms will be required to be given by 31st May of every year.

CLAIM SETTLEMENT

The death claim will be settled by the designated Office of Insurance Company concerned. The process followed will be as under:

Steps to be taken by the Nominee

1. Nominee to approach the bank wherein the member was having the 'savings bank account' through which he/she was covered under PMJJBY, along with the death certificate of the member.
2. Nominee to collect claim form, and discharge receipt, from the bank or any other designated source like insurance company branches, hospitals, insurance agents etc., including from designated websites.
3. Nominee to submit duly completed claim form, discharge receipt, death certificate along with a photocopy of the cancelled cheque of the nominee's bank account (if available) or the bank account details to the bank wherein the member was having the 'savings bank account' through which he/she was covered under PMJJBY.

Steps to be taken by the Bank

1. Upon receipt of death intimation, the Bank should check whether the cover for the said member was in force on the date of his death, i.e., whether the premium for the said cover on Annual Renewal Date, i.e. 1st of June, prior to the Member's death was deducted and remitted to the Insurance Company concerned.
2. Bank to verify the claim form & the nominee details from the records available to them and to fill in the relevant columns of the claim form.
3. Bank to submit the following documents to the designated office of the insurance company concerned:
 - a. Claim Form duly completed
 - b. Death certificate
 - c. Discharge Receipt
 - d. Photocopy of cancelled cheque of the Nominee (if available).
4. Maximum time limit for the bank to forward duly completed claim form to the insurance company is thirty days from the submission of the claim to it.

Steps to be taken at the designated office of Insurance Company

1. Verify that the Claim form is complete in all respects and all the relevant documents have been attached. If not, take up with the Bank concerned.
2. If the claim is admissible, the designated office of the insurer shall check whether the member's coverage is in force and no death claim settlement has been effected for the member through any other account. In case any claim has been settled, then the nominee shall be intimated accordingly with a copy marked to the bank.
3. In case the coverage was in force and no claim has been settled for the said member, payment shall be released to the nominee's bank account and a communication shall be sent to the nominee with a copy marked to the bank.
4. Maximum time limit for the insurance company to approve claim and disburse money is thirty days from the receipt of the claim from the bank.

Source

In the case where the claim form is directly submitted to any office of the insurer by the claimant, then the insurer's office would forward the same to the concerned bank of the deceased account holder immediately to get necessary verification etc. done from the bank concerned. The concerned bank branch will forward the claim form to the designated office of the insurance company for processing the claim.

[Back](#)

When to exit expensive policies – Business Standard – 8th June, 2017

In the tax filing season, many people go ahead and buy insurance policies just to save some tax. And it is only after a couple of years that they realise that the policy is too expensive to maintain. Worse still, there are situations when you realise that a market-linked product is giving extremely low returns vis a vis your equity fund, simply because of the high costs. Many financial planners would advise you to immediately exit such policies and invest the premium in equity funds.

Yes, in some cases, there would be a loss. But it's better cut your losses sometimes than to lose big. A typical sales pitch for buying insurance, besides the tax saving element is guaranteed returns promised by traditional products like endowment or moneyback policies or as mentioned before, market-linked returns in case of unit-linked insurance plans (Ulips).

“While the advice to clients is to use the opportunity to book the profit in Ulip related schemes during bullish markets, it does not depend only on market performance,” says Mimi Parthasarathy, MD, Sinhasi Consultants.

The insurance regulator has also come to the policyholder’s aid with a recent circular. The Insurance Regulatory and Development Authority of India (Irdai) has warned insurance companies not to delay the release of fund value in discontinued unit-linked products, even in cases where customers have opted for complete withdrawal within the lock-in period.

However, here’s a checklist before surrendering your Ulip. Check the lock-in period, exit load, surrender value, performance of the fund and most importantly, whether you have any other life insurance cover to compensate the loss of coverage if you exit. In case of traditional policies, check any bonuses that may accrue (based on past bonuses announced by the insurance company) and the premium payment term that is left.

Certified financial planner, Amit Kukreja, says that once you have bought an Ulip, it might make sense to hang around for five years at least. The lock-in period for Ulips is five years or three consecutive premiums, after which you can get the surrender value. You need not pay the fourth and fifth premiums, but cannot withdraw the money before five years. Before the Ulip guidelines were revised, there was no lock-in period. But due to the high surrender charges, exiting the policy was very expensive. In traditional policies, the lock-in period is three years after which you can get a surrender value. Policyholders stand to forfeit the entire invested amount, if the premium has not been paid for three consecutive years.

Suresh Sadagopan, financial planner, says that if Ulips have done worse as compared to mutual funds or just the same as mutual funds over a long period of time, it may be a good idea to exit it. Because in mutual funds one has flexibility to switch fund managers and schemes based on the mix one needs and investment performance. “Endowment plans can be continued if one is close to maturity (say the maturity is just three to four years away). Else, it may make sense to surrender them as they typically offer low returns,” says Sadagopan.

“One should look at what is the sum assured you are getting and what is the return on investment you are getting. And what is the loss in case you exit and if that can be minimised. In this case the loss is the number of premiums paid, times the premium and the money you get back when you surrender. If the surrender value is lesser than the number of times the premium that has been paid, then it is a loss. If the surrender value is higher, you are getting some money back and it is better to take the money in your hand and exit,” says Kukreja.

[Back](#)

Source

General Insurance

Deposit insurance in India: Why risk-based pricing model must be introduced – The Financial Express – 5th June, 2017

The global financial crisis underscored the importance of having a robust deposit insurance system (DIS) for the banking system across the world. A 2014 IMF paper estimated that nearly 112 countries (59% of 189 countries covered in the study) had a DIS. It was in 2008, that Australia and New Zealand introduced guarantees for the first time, whereas a significant majority of other countries increased their insurance coverage.

Three issues in the DIS merit special attention. First, DIS is asymmetric in nature, with 84% of high income countries having a system in place. In contrast, explicit deposit insurance is less widespread among low income countries, at about 32% of countries (India included). Second, by and large the DIS has fulfilled its primary objective of preventing open runs on bank deposit during and after large shocks to the global financial system. Third, the DIS, though largely effective in preventing large-scale depositor runs, has not priced the risk correctly. Interestingly, there are analytical papers by Viral Acharya on this issue of pricing deposit insurance premiums.

The concept of insuring bank deposits in India received attention as early as 1948 after the banking crises in Bengal. The Deposit Insurance Corporation (DIC) Bill and the subsequent Act finally came into force on January 1, 1962. With the integration of the Credit Guarantee Corporation of India Ltd., in July 1978, the title of the Act was changed to The Deposit Insurance and Credit Guarantee Corporation Act, 1961.

In India, at present, all deposits except (i) Deposits of Foreign Governments, (ii) Deposits of Central/State Governments, (iii) Inter-bank deposits, (iv) Deposits of the State Land Development Banks with the State Co-operative Banks, and (v) Any amount due on account of any deposit received outside India, are insured by DICGC. Though banks are required to pay advance premium on assessable deposits (demand plus term) on half-

yearly basis, the liability of DICGC is limited to only `1 lakh per depositor or \$1,538 (\$2.5 lakh in the US). Moreover, deposits of Commercial Banks (ASCBs), Regional Rural Banks (RRBS), Local Area Banks (LABs) and Co-operative Banks are covered by deposit insurance with the premium being charged at a flat rate of 10 paisa for `100 on the entire assessable deposits of the banking system!

Claims under the DIS in India have been few and far between. Mostly, such claims too have arisen only due to failure of a few Co-operative Banks. India has had only very minor episodes of commercial bank failures till date. One reason often cited for this is that banks in India largely fund themselves through retail deposits rather than wholesale funding, which has often been identified elsewhere as a source of vulnerability to external contagion in other countries.

Now coming to the core issue of pricing deposit insurance worldwide, it has evolved over time through reforms adopted by various jurisdictions based on experience and international developments. Most DIS initially structure an ex-ante flat-rate premium system/one-size-fits-all approach for all banks as they are simple to design, implement and administer. However, the problem with such systems is that they are invariant to the level of risk that banks pose to the deposit insurance system. Flat-rate premiums are also unfair in practice as low-risk banks are required to pay the same premium as higher-risk banks. Thus, on this account, there is no incentive for higher risk banks to improve their risk profile, which is completely counter intuitive.

As discussed earlier, in the Indian context we have a flat premium rate with a static insurance cover of `1 lakh per depositor (since May 1993). Over the last 25 years, there has been a paradigm shift in the profile of customers and the conduct of business by banks. In particular, over the years, the level of insured deposits as a percentage of assessable deposits has declined from a high of 75% to 30% in FY16, due to such shift. In fact, on the basis of RBI data as on March 2015 (latest available), term deposits of ASCBs of less than `1 lakh were only 9.1% of total term deposits, 58% of term deposits being more than `15 lakh. Effectively, the latter get even less than 2% of their deposits insured, though the premium is paid by the banking system on the entire value of deposits held by them.

So, what would be the ideal deposit insurance premium structure in India in line with international best practices? It may be noted that most countries in the world including south Asian countries now adopt a risk-based premium for deposit insurance. For example, Federal Deposit Insurance Corporation (FDIC) in USA adopts a risk-based pricing model that is determined by (i) capital ratios based on financials and (ii) CAMELS ratings derived from on-site examinations. Given that banks in India are already being monitored by RBI under Risk Based Supervision (RBS) it would be prudent and sound to introduce a risk-based pricing model for deposit insurance in India with premium tied to risk rating of the bank. Additionally, to be fair to banks, the premium payable by them should be calculated on the amount of cover available and not the entire assessable deposits of customers. Further, with hardly any claims, there is room for the premium rate itself to be reduced. The insurance expense being significant, this is yet another area where profitability of banks is adversely impacted without adding commensurate value to customers. Introducing such fairness into the system will definitely bolster industry support for the DIS.

Source

Clearly, the time has now come to move ahead with a risk based and fair DIS in India!

[Back](#)

Ginger, peas, potato, tomato get insurance cover – The Tribune – 7th June, 2017

In a major relief to farmers, four cash crops, ginger, peas, potato and tomato, have been covered under the Restructured Weather-Based Crop Insurance Scheme (RWBCIS) from the Kharif season 2017.

These crops will now be covered against rain, heat (temperature), relative humidity, hailstorm, dry spell, etc. which affect the Kharif crops during its cultivation period.

The potato will be covered from June 1 to August 31, ginger crop from July 1 to September 15, tomato crop from August 1 to October 15 and peas crop from May 15 to October 31, a spokesperson of the agriculture office said.

All insured cultivators of a notified crop in the notified reference unit area (RUA), or block will be deemed to be on a par so far as their terms of insurance coverage and assessment of compensation are concerned.

The RUA is a geographical area around a Reference Weather Station. All cultivators, including share croppers and tenant cultivators, growing notified crops in any RUA will be eligible for coverage. The scheme will be

compulsory for all loanee applicant cultivators, who have been sanctioned credit limit from a financial institution while it will be voluntary for non-loanee farmers.

The scheme is highly-subsidised and the maximum insurance premium, payable by farmer for the commercial crops, is to be only 5 per cent of the sum insured or actuarial rate, whichever is less.

The difference between actuarial premium rate and the rate of insurance charges payable by farmers will be treated as rate of normal premium subsidy, which will be shared equally by the Centre and state governments, he added.

Insurance Companies will be responsible for all payouts arising out of “Adverse Weather Incidence” strictly in terms and conditions of the scheme read and pay out will arise only in case of adverse weather incidence.

Source

The farmers had taken a big leap in the off-season vegetable cultivation but due to hostile weather conditions, the farmers had given up tomato and peas cultivation in many areas as there was no insurance coverage. Even the potato and ginger crops were not safe and excessive rain and frost caused damage to the crops.

[Back](#)

N-Insurance Liability Pool to Cover Suppliers Too – The Economic Times – 7th June, 2017

After years of stonewalling, India is poised to open up its nuclear liability cover to equipment suppliers, with GE and Westinghouse showing interest in taking insurance from the pool.

“We are seeing interest from global nuclear suppliers to buy policy to cover their liabilities,” said Alice Vaidyan, chairman, General Insurance Corporation of India. The move to cover suppliers has long been hanging fire.

The Rs.1,500-crore nuclear insurance pool -put in place by the department of atomic energy in June 2015 -- provides insurance coverage to operators and suppliers for any nuclear liability towards third party under the Civil Liability of Nuclear Damage Act, 2010.

“The probability of claim is very less,” said Vaidyan. “With all the safeguards and technology that we have put in, probability is even lesser. Premium will be building and the pool will grow.” GIC Re, four public sector insurers and private sector companies including ICICI Lombard and SBI General -totalling 11 insurers -participate in the pool. GIC has put in bulk of the capacity, followed by New India Assurance, which administers the policy.

Source

New India Assurance Company issued a policy to National Power Corporation of India and covers all its plants for liability to the public in the event of accidents specified in the policy. Probability is lowest for nuclear accidents, with only three having ever been reported -Fukushima, Three Mile Island and Chernobyl.

[Back](#)

Accident insurance scheme notified – The Tribune – 6th June, 2017

The Haryana Government has notified the Pradhan Mantri Suraksha Bima Yojana (PMSBY).

The scheme provides accidental insurance coverage to all residents of the state in the age group of 18 to 70 years in case of death and disability.

An official spokesman said the scheme had been launched by the Central Government and adopted by the state government for rural and urban families of Haryana. The scheme would be implemented through banks and administered through general insurance companies. The premium would be reimbursed by the state government. The scheme would be accident insurance scheme with one year coverage, but it would be renewable from year to year basis.

He said its rules would come into operation for one year period from June 1 to May 31, 2018. The sum assured would be Rs 2 lakh each in case of accidental death, and for total and irrecoverable loss of both eyes or loss of both hands or feet or loss of sight of an eye and loss of use of hand or foot due to accident. Similarly, it would be Rs 1 lakh in case of total and irrecoverable loss of sight of an eye and loss of use of one hand or foot due to accident.

He said the eligible beneficiary should have Aadhaar seeded savings bank account. Such beneficiaries would have to give consent to join the scheme and enable auto-debt facility as per its modalities. Aadhaar number would be the primary KYC for the bank account and insurance coverage.

He said in the first instance, the premium of Rs 12 per annum would be deducted from the account holder's savings bank account through 'auto-debit' facility in one instalment on or before June 1 of each annual coverage period under the scheme, which in turn, would be reimbursed by the state by direct credit to the beneficiary's account on receipt of information from the bank.

He said that under the scheme, the accident cover would terminate on attaining the age of 70 years or closure of the account with the bank or insufficiency of balance at the time of renewal to keep the insurance in force. Similarly, if the insurance cover is ceased due to any technical reason, the risk cover will be suspended and reinstatement of risk cover would be at the sole discretion of the insurance company. Participatory banks will deduct the premium amount in the same month when the auto-debit option is given, preferably in May of every year, and remit the amount due to the insurance company in the month itself.

With implementation of the PMSBY, the existing 'Rajiv Gandhi Parivar Bima Yojana' has ceased from March 31.

[Back](#)

Source

The truth about job-loss insurance: Not as dependable as you may think – The Economic Times – 8th June, 2017

If you are afraid you might be laid off by your company, don't assume a job-loss insurance will keep you afloat during the few months you will be between jobs. There's a good chance that you will not even be eligible for it.

Caught off guard by the recent spate of layoffs, especially in the tech sector, many employees might look for a quick-fix such as a job-loss insurance. If you are considering to buy a job-loss cover, read the primer below so that you do not end up buying something you did not want:

Stand-alone job-loss covers not available

No insurance company offers a stand-alone job-loss insurance policy. It is available only as an add-on with other policies that cover larger risks such as accident and critical illness.

What it covers

The insurer pays only three biggest EMIs usually capped at 50 per cent of your income.

When it kicks in

There is a waiting period of one-to-three months before the cover comes into effect. The claim can be made only once during the term.

What a job loss means

The policy covers you only in case of retrenchment by employer due to merger or acquisition, for which you have to submit a written proof of retrenchment. Without this proof, the claim is not admissible.

Job loss due to reasons other than retrenchment as a result of merger or acquisition. Unemployment of a self-employed person. Unemployment due to voluntary resignation or early retirement. Unemployment during probation period. Any termination, suspension or retrenchment from employment due to poor performance of the insured. Job loss due to pre-existing diseases and health conditions. Job loss due to disciplinary action.

Remember to enquire about these grey areas

Insurance companies don't have same conditions for job-loss covers. Do enquire about the following before you buy the cover:

Are you eligible for the claim if the employer offers you severance pay?

Will you get the claim if the employer gives you a notice before termination as per your contract?

What happens if you have been fired but do not have a written document to prove it?

Forget the claim if you can't furnish the proof

Proof of retrenchment is a must because only that will help the insurer ascertain if you are eligible for the claim.

"Written proof of retrenchment is one of the crucial documents that is required to assess the cause of job loss. The job-loss policy triggers only if the termination is due to the conditions included in the policy and is not a voluntary resignation by the customer. Hence documentation citing the reasons and circumstances of termination is important," says Sasikumar Adidamu, Chief Technical Officer at Bajaj Allianz General Insurance.

Is there anything more helpful than a job-loss cover?

Considering the narrow scope of the cover and the limitations, job-loss insurance add-on does not seem to be a dependable option. Is there anything that can really help? Yes, just sticking to the basics and plan well.

The most dependable option is to create and maintain a contingency fund which covers four-to-six months of your expenses. Besides the contingency fund, short-term investments with flexible liquidity would help you sail through difficult times easily. Irrespective of the size or yield of your portfolio, your investment is the best insurance against a job loss if it can be easily liquidated.

So should you just forget about job-loss insurance?

The insurance market is evolving and new products keep coming. In future, companies might offer a stand-alone job-loss covers that have conditions more favourable to employees. "At present, a company's job-loss cover comes as a value-added service to personal accident covers and attempts to provide cover for all the key possible reasons that can lead to a loss of job.

Source

However, an individual comprehensive policy against the risk of job loss, if presented, could take a whole new range of conditions into consideration," says Adidamu of Bajaj Allianz General Insurance.

[Back](#)

Health Insurance

India: Govt health insurance scheme seen as ineffective – AIR – eDaily -

The central government's health insurance scheme, Rashtriya Swasthya Bima Yojana (RSBY), is a "complete failure", according to a study by researchers at the Tata Institute of Social Sciences (TISS).

While the government now ambitiously plans to leverage this scheme to a bigger platform, under the National Health Protection Scheme, the findings of this study show that it has fared poorly across the nation since its inception in 2008, reported Hindustan Times.

RSBY was introduced to provide health insurance coverage of up to INR30,000 (US\$466) to below poverty line (BPL) families. It provides for cashless insurance for hospitalisation in public and private hospitals.

There is no evidence of the effectiveness of the programme, said Dr Soumitra Ghosh, assistant professor, School of Health Systems Studies, and the lead author of the paper. The study showed till 2014, only 11% of BPL families were registered under the scheme.

Another worrisome finding was that the scheme has had no significant impact on the cost of outpatient services which burden patients financially compared to inpatient services. One of the reasons for this was that patients were often asked to buy medicines and diagnostics, the author added.

Source

He said that the findings had serious implications at the policy level as the government plans to expand the scheme in the coming months to achieve universal health coverage.

[Back](#)

Pension

EPFO extends deadline for linking Aadhaar to PF accounts to 30 June – Mint – 6th June, 2017

The Employees' Provident Fund Organisation (EPFO) has extended the deadline for linking Aadhaar numbers to PF accounts to 30 June for its over four crore members. However, the deadline for submission of Aadhaar number would be 30 September 2017 in case of north-east states.

"All field offices are directed to ensure that Aadhaar Number is furnished by the employer in respect of all new members who join the Employees Pension Scheme, 1995 with effect from 1 July 2017 except north east states where it would be applicable from 1 October 2017.

Retirement fund body EPFO had set 30 April 2017 as the deadline for submitting Aadhaar number earlier. The EPFO in January made it mandatory for its pensioners and subscribers to submit Aadhaar numbers. Later the deadline by revised time and again in view of slow progress over Aadhaar number submission by members.

Source

The central government contributes 1.16% of the basic wages as subsidy to every member Employees Pension Scheme Account in addition to 8.33% deposited by their employers every month. Since the government provides subsidy to an EPFO member, it has invoked Section 7 of the Aadhaar (Targetted Delivery of Financial and other Subsidies, Benefits and Services) Act 2016, for the purpose. The Section 7 of the Act provides that where government provides subsidy, benefit or service from Consolidated Fund of India, an individual can be asked to undergo authentication, or furnish proof of possession of Aadhaar number. It also provides that where an individual to whom no Aadhaar number has been assigned, such individual can apply for enrolment.

[Back](#)

Circulars

Source

Point of Salespersons (PoSP) - Distribution of Add-ons - maintenance of records - submission of Returns - Circular Ref: IRDAI/INT/CIR/PSP/130/06/2017 dated 6th June, 2017

[Back](#)

Global

South Korea: Electric vehicles to enjoy lower insurance premiums - AIR - eDaily - 9th June, 2017

Industry watchers are predicting that premiums for electric vehicles (EVs) will be 10% lower than gasoline or diesel-powered vehicles, when the the Korea Insurance Development Institute (KIDI) reveals its reference net premium rates for electric cars by the end of this month.

The reference premium rate will be based on the Institute's analysis of EV accident statistics and the loss ratio for insurers, to be used by smaller insurance companies that lack the resources to independently derive this type of data, reported Korea Bizwire.

In an earlier study, conducted on behalf of the Ministry of Trade, Industry & Energy, the KIDI concluded that EVs are in fewer, less severe, traffic accidents due to relatively shorter trip distances, and travel that is limited predominantly to major cities with access to charging facilities, suggesting that insurance rates should fall roughly 10% lower than conventional vehicles.

Currently, a handful of insurers, including Hyundai Marine & Fire Insurance, Dongbu Insurance, and Samsung Fire & Marine Insurance, offer EV-specific premiums, most of which are already more affordable than existing car insurance rates.

As of April, South Korea had 14,063 officially registered EVs, accounting for 0.06% of all vehicles in the country. The South Korean EV market is quickly gaining momentum. Last year, 5,914 electric vehicles were newly registered, tripling the 2015 figure of 2,907, and six times the 1,075 recorded in 2014.

Source

The Ministry of Environment also pledged to increase the number of EVs to 250,000 by 2020, making bold investments in building charging facilities across the country, and providing subsidies for EV purchases.

[Back](#)

Disclaimer:

'Newsletter' is for Private Circulation only intended to bring weekly updates of insurance related information published in various media like newspapers, magazines, e-journals etc. to the attention of Members of Insurance Institute of India registered for its various examinations. Sources of all Cited Information (CI) are duly acknowledged and Members are advised to read, refer, research and quote content from the original source only, even if the actual content is reproduced.

CI selection does not reflect quality judgment, prejudice or bias by 'III Library' or Insurance Institute of India. Selection is based on relevance of content to Members, readability/ brevity/ space constraints/ availability of CI solely in the opinion of 'III Library'.

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

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

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