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QUOTE OF THE WEEK

“If we open a quarrel between past and present, we shall find that we have lost the future.”

Winston Churchill

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INSURANCE TERM FOR THE WEEK

House of God Insurance

House of God insurance is insurance protection for places of worship, such as churches, temples, synagogues, and mosques. It is formulated to cover the specific needs of religious organizations in terms of property damage, business continuation, professional and general liability, business crime, and more. House of God insurance is also known as church insurance.

Churches and other houses of God are often very old buildings. In some circumstances, these buildings may even be hundreds of years old. As older buildings may be especially vulnerable to property damage, it is often a good idea for religious organizations to make sure they have a house of God insurance policy that has a solid property component. Some policies also offer a business interruption component. This can be very helpful to houses of God, if donations suddenly end or dwindle in amount.

INSURANCE INDUSTRY

Beema Satark coming soon! How this platform will detect fraudulent claims – Times Now – 16th February 2023



The Indian insurance industry is struggling due to thousands of crores of fraudulent claims and in order to detect this, the Insurance Regulatory and Development Authority of India's (IRDAI) arm Insurance Information Bureau (IIB) will soon launch a B2B platform 'Beema Satark'.

The process has been initiated on January 18 this year by the IIB. The move is the first step towards creating a fraud analytics platform for the Indian general insurance industry.

How Beema Satark works?

As per data, the Indian insurance companies incur a loss of Rs 30,000 crore every year due to different kinds of fraud. Beema Satark's primary motto will be to detect these fraudulent claims. Here's how Beema Satark works:

Beema Satark will help the health insurers to exchange information among the general and standalone health insurance on fraudulent deals which cause a lot of losses for them.

The IIB will act as a repository where any insurance company approach and asks for details of any customer and policyholders while underwriting an insurance policy and during the claim settlement too.

☑ All the insurance companies will be a part of the Beema Satark platform.

☑ Initially, Beema Satark will focus on health insurance claims, and later on, it will include motor insurance claims also.

☑ HealthClaims Exchange (HCX) will also be linked to Beema Satark which will transform the way health insurance claims are processed as the digital platform will reduce cost and waiting time for processing a claim.

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Insurance frauds cost \$6 bln annually, insurers lose 10% of premiums – The Economic Times – 16th February 2023



The Indian insurance industry is growing at a strong momentum enabled by regulations, innovative insurance products, and better awareness about the importance and relevance of insurance. The sum insured for the life insurance industry grew at 16.81 percent in 2021-22 while in the past five years, the total number of lives covered nearly doubled from 120 million to 230 million.

At the same time, the gross premium collected by life insurance companies in India increased from USD 39.7 billion in FY12 to USD 89.3 billion in FY22. It is estimated that premiums from India's life insurance industry will reach USD 317.98 billion by FY31. The insurance industry

has undergone significant changes in the last few years with most insurance companies having adapted to the changing environment. However, these innovations have also introduced new vulnerabilities and risks into the overall ecosystem.

According to industry estimates, insurance frauds cost insurance companies approximately USD 6 billion annually and insurers lose close to 10 percent of their overall premium collection to frauds, revealed a recent survey by Deloitte India. Whilst the industry adjusts to the new normal, there will be those who will seek to exploit gaps and weaknesses in the systems. As new risks begin to emerge, companies need to be vigilant to ensure that they establish effective mitigation measures.

The Pandemic has had a significant impact on the insurance industry. On one hand, there has been a marked increase in the number of insurance policies being issued, thereby underscoring the relevance of insurance as an important risk mitigation tool, whilst on the other, there has also been a sharp increase in frauds with over 60 percent of survey respondents affirming that they have witnessed a significant increase in fraud incidents in the last 2 years. Insurance companies now have multiple assets such as online portals, claims automation, alternate underwriting, etc., that are tied to their digital transformation efforts. At the same time, fraudsters are able to access consumer data due to data breaches. Thus, it becomes imperative for insurance companies to address the organisational challenges with decisive actions that recognise cybersecurity and technology induced risks as a strategic business problem, the Deloitte survey highlighted.

Fraudulent activities committed within or against the insurer can adversely affect an insurer's financial soundness and reputation besides impacting policyholders by way of increased premium because of higher claims cost experienced by the insurer. One of the important factors why fraud occurs is because the organisational system/controls provide the fraudster with an opportunity to commit fraud. This condition is principally managed by designing and implementing a control environment that prevents, detects and deters the most fraudulent behaviour whether conducted by employees, vendors or intermediaries, added the survey.

How are organisations addressing this?

The challenge for insurers is to develop a comprehensive FRM framework which includes identifying, assessing, and categorising risks faced by the organisation proactively and developing appropriate mechanisms for preventing, detecting and responding to fraud. The first step in any effective FRM framework is knowing the risk faced by the organisation. Majority of respondents indicated that their organisation is extremely rigorous with respect to fraud assessment monitoring. Fraud risk assessment helps insurers analyse the different types of risks that it can potentially face based on its unique scale, complexity, and exposure. Identifying both prevailing and potential risks can help insurers prepare for new types of frauds by envisaging the right set of mitigation measures and practices. Underscoring its relevance, 80% of the respondents said that they were extremely rigorous towards fraud assessment

monitoring, highlighted the Deloitte survey. The additional measures instituted include setting up separate investigative units and using fraud scoring analytics and/ or predictive modelling and case management tools with automated red flags/ business rules to manage fraud.

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The northeast lacks awareness about the insurance grievance redressal system through ombudsman platform and eventually people suffer severe harassment by shuttling to and fro court, seeking atonement of their issues. **Insurance Ombudsman, Guwahati, Somnath Ghosh** said. Edited excerpts:

It is very important to create awareness among the people about the functioning of the Insurance Ombudsman, which is a quasi-judicial authority that handles any type of insurance grievance. NE lacks awareness about the easy grievance redressal system through the ombudsman and individuals rush to court whenever they face any issue with any insurance. They keep on shuttling to and fro court for years, which is a kind of harassment. Various steps have been taken for creating awareness about the mechanism and the platform among the people over the last couple of years, including display of ombudsman awareness boards in offices of insurance companies, introduction of consumer-friendly measures like online complaint registration and hearings. Recently, we have conducted an off-site hearing and awareness campaign in Shillong and are planning to hold the same soon in Dibrugarh.

During the current financial year 2022-23, there is considerable growth in complaints registered by the Guwahati centre as is evident in the below data. This is largely due to the awareness drives and customer-friendly measures initiated and the trend is expected to continue. A total of 431 complaints were received in 2021-22 and 681 so far in 2022-23, which is an over 50% increase. Most complaints were related to life insurance. However, there is still a lot to do in creating awareness.

Normally, a single hearing is held in the presence of the contesting parties either with physical presence or through video conference. All complaints are disposed within the stipulated time limit of 90 days. However, we try to settle the complaints not beyond 45 days. The award of the insurance ombudsman shall be binding on the insurers or insurance broker. Policyholder is at liberty to agitate his complaint in any other appropriate judicial forum.

The consumers have the option to seek redressal for their grievances in court of law as well as the Insurance Ombudsman. The benefit of referring to the Ombudsman is speedy, fair, economic and convenient redressal process.

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Bogus GST invoices row: Prosecution starts against e-insurance intermediary – Business Standard – 13th February 2023



Goods and services tax (GST) authorities have initiated prosecution against a leading online insurance intermediary for allegedly generating bogus invoices of around Rs 100 crore in the name of marketing and sales service, Business Standard has learnt. The intermediary, based in Bengaluru, got prosecution notice in January from the Directorate General of GST Intelligence (DGGI). Following this, the top management of the firm has been questioned. “The intermediary has been asked to provide proof/evidence of the service (they claimed) against which invoices were raised. In the absence of proof, the owners could face rigorous punishment,” a source in the

DGGI said. According to Section 122 of the Central GST Act, “issuing an invoice without supply” attracts a penalty and imprisonment up to five years if the amount involved is Rs 5 crore or above. The offence is not bailable. The move is to widen the investigation the DGGI has launched against insurance companies allegedly paying commissions as high as 70 percent to intermediaries like these and even offline agents. The limit is 15 percent, prescribed by the Insurance Regulatory and Development Authority of India (Irdai).

Explaining the modus operandi, sources said insurance companies had formed an arrangement with intermediaries “to pass on ineligible input tax credit (ITC)” in the guise of marketing service and raising fake invoices. These intermediaries generate two invoices, one under the prescribed limit and the rest as marketing- or sales-related spend, they said. DGGI sources said these companies had been using this method to take ineligible ITC. The practice is systematically planned and executed in collusion with insurance companies, said sources. The department is examining invoices raised by both online insurance marketplaces and offline brokerages. More proceedings could be launched soon if they are unable to explain the service they provided under the provision, another source privy to the development said. The DGGI is learnt to have also flagged the matter with the Irdai because of the excess commission factor. Last year, the DGGI detected a tax evasion of Rs 824 crore by 15 life and non-life insurance companies, and others as part of its probe. Many big insurance firms are under examination.

(The writer is Shrimi Choudhary.)

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Insurance industry outlook for 2023- Digital insurance will take the centre-stage - The Economic Times – 12th February 2023



The insurance industry has demonstrated remarkable progress and adaptability over the last few years. With the development of digital technologies, insurance manufacturers, distributors and technology developers have tapped into new capabilities, to increase insurance outreach, drive operational efficiency and transform the sector.

2022 has been considered as “One of the best years”, in the general insurance category. As per industry estimates, the industry grew at a CAGR of 10.2 percent, as compared to around 5 percent in 2021. The auto industry was impacted badly during Covid and faced the worst time which affected the motor insurance industry in multiple ways. However, it quickly gained grounds in 2022 and motor insurance saw rising premiums last year. In the health insurance category, it grew by

a whopping 321 percent last year, largely driven by the consumers' sense of protecting themselves and their families, specially, after what they experienced during and post the Covid pandemic. 2023 is also expected to drive huge growth into the sector. A lot of positive reforms are expected in the sector, which will further help in increasing the demand for insurance products and increase consumer outreach. With newer regulations ushering in, there will be more players entering into the segment and the industry will witness more mergers and acquisitions this year.

In 2023, we are anticipating a lot of focus in technology, which will help in ensuring seamless end-to-end insurance process; create customised insurance products; facilitate automated solutions in fraud detection, underwriting processes and claim settlements. The industry will continue to adopt and adapt to the fast-moving AI, Blockchain and ML based technologies through 2023 and 2024. Technology will also play a vital role in increasing the insurance penetration in the smaller markets. This has been going on for the last two years, but this year will witness technology driving massive growth in the smaller towns and cities of the country.

InsurTech companies will actively work towards cybersecurity, as it is a key parameter to protect individuals as well as businesses. Cyber-security will be actively used to protect all data driven information and digital processes within the industry, to further safeguard the interests of companies and policyholders and run strong and agile insurance functions. This year will also witness growth trajectory in embedded insurance. It is bringing in a huge change in the way people are buying insurance and expanding market opportunities for insurance outreach. India's embedded finance industry is expected to grow by 46% to INR 1,61,442 Cr by 2029 (As per reports) and within that, insurance will play a major role.

Embedded insurance will not only boost affordability and accessibility of insurance services but will also help in improving customer engagement and risk removal. The so-called traditional industry has been finding ways to enhance consumer outreach, out of which digital insurance has proven to be the most effective medium. From enhancing operational excellence to cost effectiveness, modern technologies have been extremely crucial for the much-awaited transition of the insurance industry and will take the centre stage this year too.

(The writer is Indraneel Chatterjee.)

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INSURANCE REGULATION

Now it won't take time for an insurance claim, IRDAI finds a fake solution - TV9 - 17th February 2023

The Insurance Regulatory and Development Authority of India (IRDAI) has made an important announcement for insurers this year. Earlier this year, an important rule related to **insurance policy** has come into effect. Accordingly, it has now been made mandatory for people to update KYC while taking a new insurance policy. This rule has been made applicable for life insurance, health, auto, house and all other types of insurance. This rule will now provide many benefits to the insured. The settlement of their insurance claims is now going to be faster. This rule will not delay the insurers getting their sum assured, the bonus. It will also reduce the stress on the company.

Earlier it was not mandatory for customers to do KYC while buying an insurance policy. KYC was being done only if the person buying the insurance wanted to. There were no restrictions for that. There was no loss to the customer if the KYC was not updated. He was not being urged for KYC earlier.

With the new rules coming in, the claim process will be expedited. The claim can be settled quickly. The rule will also make it easier for the insurance company to identify the insured. KYC will make it easier for the insurance company to get all the information related to the customer. KYC will enable insurance companies to quickly plug the loopholes in insurance claims.

According to experts, this rule will speed up the process of claim settlement. Because now the insurance company will have all the updated information of the customer. The KYC rule will drastically reduce the number of bogus claims. Also, only the right person received the claim amount.

According to a report claim, IRDAI has made an important proposal. Those who have taken two doses of the vaccine and a booster dose during the Covid period. It has insisted on considering giving discounts on insurance policies for them. It has also been asked to settle claims of Covid related life and other insurance policies expeditiously, according to a PTI claim. The regulatory authority has asked the insured to implement the process of settling claims related to treatment during the Covid period at the earliest. It has been asked to set up a war room to help patients and their relatives during the Covid period. This rule has been made applicable for life insurance, health, auto, house and all other types of insurance.

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IRDAI forms consultative committee on insurance investments – IANS – 13TH February 2023

Indian insurance regulator has formed a 15-member consultative committee (including Chairman and Convenor) to review the regulatory framework on managing the investments in the sector and for other aspects. The Committee with a tenure of two years will be headed by Supratim Bandopadhyay, former Chairman of the Pension Fund Regulatory and Development Authority (PFRDA).

"With a view to monitor the dynamic financial markets on a continuing basis, and to review the regulatory framework on managing the investments in the insurance sector, and to advise IRDAI on developments in the economy, financial markets and on risk management, a consultative committee on Investments is hereby constituted," IRDAI said. The Members of the committee are from private equity stock broking insurance, banking and mutual fund sectors and majority of them are from the private sector.

The new committee is in addition to the insurance Regulations Review Committee (RRC) and various sub-groups set up by the Life Insurance Council and the General Insurance Council in consultation with IRDAI earlier. Incidentally, the RRC has nine members from the private sector insurance companies and three from the public sector and some of the sub-groups does not have any representation from the government owned companies which are far bigger than many private players.

"The legal stipulation that premium to be received upfront before any risk cover could be provided, solvency norms and the investment regulations have safe guarded the sector for the past two decades," a senior industry official told IANS preferring anonymity.

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LIFE INSURANCE

HNIs may now turn to whole life insurance plans – Financial Express – 15th February 2023

The income tax benefits under Section 10(10D) have been restricted to those paying life insurance annual premiums below Rs 5 lakh. The government's intention is simple. You can not keep on buying insurance policies only for the sake of tax-free maturity benefits.

While you are free to buy as much life insurance as you can (so long as financial underwriting norms permit), you have to pay tax on the returns (maturity claim amount minus premiums during the term) you get at the end of the term. In case the policy results in death claims, no tax will be deducted from the claim amount. So, from the viewpoint of pure protection, there is no issue as the nominee does not have to pay a single rupee no matter how large the death claim proceeds. But, when one survives the policy term, the maturity amount will be taxed at the appropriate rate.

High value insurance

If the main reason for policyholders buying high value insurance products is providing financial security to loved ones in case of their premature death, then there is no problem at all. Death claim proceeds will

not be taxed. But one important objective for purchasing these policies is to avail the benefits of Section 10(10D) at the end of the policy term. While underinsurance always lands a family in trouble, over-insurance can equally affect your interest if you intend to use life insurance purely as a tax saving instrument. Since, every person has to die some day for sure, a whole life insurance product can be given serious consideration by those who have investable surplus but want to invest the money in a safe instrument. That will be highly tax efficient for passing on wealth to the progeny.

High net worth individuals (HNIs) do not have much problem in meeting the basic expenses of life after retirement from active working life. So, they need not depend too heavily on maturity claim amounts. They are capable of keeping whole life policies in force. Endowment type policies suit the interests of middle-class Indians who can build a tax-efficient savings corpus through a contractual savings plan.

Insurance should be purchased for the sake of managing risks of either premature death or meeting various expenses at particular life stages. If that purpose is served through life insurance products, then life insurance has played its role. People should focus on buying the right products and from the right insurance companies. If HNIs live a long life to receive the policy money on the date of maturity, they should not mind if they have to pay some taxes on the maturity claim amount. If one is paying Rs 5 lakh per annum, he must be earning many times more annually. So, this taxation is not likely to significantly affect the financial wellbeing of the rich.

LIFETIME OF BENEFITS

* Over-insurance can affect your interest if you intend to use life insurance purely as a tax saving instrument

* Endowment policies suit the middle-class who can build a tax efficient savings corpus through a contractual savings plan

(The writer is Nirjhar Majumdar.)

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Life insurance companies plan strategy tweak to offset tax impact – Business Standard – 15th February 2023



Life insurers are considering changes in business strategy to offset the possible impact of the proposed tax on high-value policies even as they wait for some relaxations from the government. The Union Budget 2023-24 has proposed to tax high-value policies with premium aggregating to Rs 5 lakh per year to plug the arbitrage that high-net worth individuals (HNIs) are using to get tax-free returns on policies through Section 10(10D). The industry, however, feels the classification of HNIs — aggregate premium over Rs 5 lakh per year — is a matter of concern because most who invest in the non-ULIPs are essentially looking to build a corpus for their post-retirement life. Hence, at their 40s or 50s they could end up paying Rs 5 lakh

aggregate premium with not-so-high incomes. So, premium cannot define the level of wealth. The industry, through representations to the government, is seeking relaxation in the premium threshold from Rs 5 lakh to Rs 10 lakh per year. It has also suggested that instead of taxing the proceeds from high-value policies under income from other sources, long-term capital gains tax (LTCG) be imposed on them and with indexation benefits. Though the industry is awaiting the government's response, most of the players are reworking their strategy to combat the negative impact of this policy. "We are hoping for some relaxation from the government," said Vignesh Shahane, managing director and chief executive officer of Ageas Federal Life Insurance. Shahane, however, said the company was preparing to make some changes to the business strategy. "We are looking to make ULIPs and pure term products more competitive. There would be focus on selling more policies with lower ticket size and we would double

down on the mass segment. These are only preliminary thoughts and these would evolve as more clarity comes through," he said.

One of the leading private sector insurer— ICICI Prudential Life Insurance — would now focus on more granular policies and increase the share of protection as well as annuities in its portfolio. It would also look to focus more on different members of the household rather than looking at only the earning member, a Macquarie Research report said, quoting the company's top management. HDFC Life, on the other hand, is planning to change selling processes to manage both growth and margins. The management told Macquarie Research it would look to tweak unit-linked plans (ULIPs) to improve margins. The company could also launch lower sum-assured products (less than 10x cover) as a 10x cover is the minimum required for claiming tax benefits and if they stand withdrawn, then customers will be happy buying lower sum assured products if required. They would also take a family view for selling products so that they can split it across various family members. According to an initial assessment, ICICI Prudential Life Insurance expects the Budget decision would impact its annualised premium equivalent (APE) and value of new business (VNB) margin by 6 percent. For HDFC Life, the impact could be 10–12 percent APE and 5 percent on VNB, ceteris paribus. State-owned Life Insurance Corporation has indicated that the impact on them is around 1.8 percent of APE. However, none of these estimates have taken into account the fact that customers would have taken from other life insurance companies.

(The writer is Subrata Panda.)

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Know how to buy the right term insurance plan – Live Mint – 14th February 2023



Insurance products currently available in the market can be broadly categorized into two types—a pure vanilla term insurance plan and others. All 'other' insurance products would either be market-linked or provide guaranteed returns which are generally equivalent to the level of fixed-deposit rate of returns. A simple rule should be followed when buying an insurance product—keep it separate and don't mix investment or retirement planning with it. This will enable you to reap the maximum benefits of insurance as a product, one that has a higher life cover amount and ultimately lower the premiums. Buying the right term insurance may not be an easy process and your decision should be based on a combination of multiple

factors. The maximum life cover than can be taken is 20-25 times of your annual gross salary income. However, in order to determine the right cover amount, a good starting point is to estimate the amount of annual expenditure required by your family based on your standards of living and lifestyles.

The ultimate objective of buying an insurance policy is to ensure that your dependents are covered financially after your death. So, for example, if you are a family of two and your spouse is financially independent, then buying insurance does not make sense. However, if your family comprises more than two members, then your children would be financially dependent on you till they attain the age of at least 25 years. And, that should be the ideal duration of your insurance product. Many insurance companies harp on their claim settlement ratio but an equally important metric should be the amount settlement ratio. For instance, if an insurer settles 99 of the 100 claims it receives, then its claim settlement ratio is 99 percent. In case a company settles ₹95 crore of the total ₹100 crore claims it receives, then its amount settlement ratio is 95 percent. So, there is a high possibility that the company settles 99 percent of the claims it receives but might reject one claim that entails a higher amount to be settled, thereby reducing its amount settlement ratio. Therefore, it becomes important to check both the metrics in tandem before finalizing on any specific insurance company. The amount settlement ratio can be directly checked from the annual report of the Insurance Regulatory and Development Authority of India.

There are typically four riders associated with a policy: waiver of premium, accidental death benefit, critical illness rider, and terminal illness rider. The waiver of premium is one of the most important riders—it waives of the premium in case you are identified with any pre-defined illness and comes at an additional minimal cost. All other riders may be chosen as per your specific requirements, but can be ignored if you have a comprehensive health insurance plan and keep a sufficient emergency fund. Once you have decided with all the above factors, the final decision should be regarding the payment methodology—whether you want to pay the premium for the next five years, 10 years, till retirement or till the policy duration. It is normally recommended not to go beyond retirement as the constant cash flow in terms of salary stops thereafter. The early prepayment option (five years, 10 years, etc.) may seem more attractive as the amount paid in absolute terms would be lower compared to the amount paid till policy duration or retirement (at the age of 60 years) but it is important to consider time value of money as well before drawing any conclusions. It is advised to calculate the current value of future payments that you would be making under different scenarios and then take a decision that would be more financially viable. Some of the other important criteria should include how smooth the claim settlement process is as you don't want your family members to be burdened with operational inefficiencies of any company. This means that you have to ensure that you are dealing with a big company, in terms of the number of claims it deals with, and whether it has good paid-up capital which would ensure its smooth functioning in the long run.

(The writer is Surya Jain.)

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Govt to set up Bima Sugam portal to address existing protection gap across general insurance business: Finance Minister in LS - NewsOn Air - 13th February 2023

The government has said that it proposes to set up a Bima Sugam portal to address the existing protection gap across life, health and general insurance businesses in the country. Replying to a question in the Lok Sabha today, Finance Minister Nirmala Sitharaman said that the Insurance Regulatory and Development Authority of India has informed that the portal will be an insurance market infrastructure, where insurers, distribution networks and the policy holders would virtually meet across a seamless digital platform. She said the portal is expected to improve accessibility and ease of insurance purchase to policyholders.

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GENERAL INSURANCE

Non-life insurers' gross direct premium up 19.5 percent in January: Report - Live Mint - 16th February 2023



Collective gross direct premium underwritten for non-life insurance companies grew 19.5% year-on-year (YoY) to ₹25,541.8 crore in January from ₹21,382.9 crore a year ago, data shared by CareEdge ratings showed.

"The non-life insurance industry reported double-digit growth for the month of January 2023, continuing the FY23 trend except for a blip in September 2022. The industry reached ₹25,541.8 crore for January 2023, a 19.5% growth y-o-y," the report said.

So far this year, the industry has grown 16.6%, compared to 11.6% in the same period last year. This growth has

continued to be driven by health (especially the group segment), and motor insurance.

"General Insurers' January 2023 numbers were up by 23.8%, compared to an anaemic increase of 2.3% in January 2022, while for YTD FY23, the growth which has been driven by the group health and motor segments, has been more than 2.0x that was witnessed last year," according to the report. The market share of private non-life insurance companies has witnessed a sustained increase to 61% in YTD FY23 from 58% in YTD FY22 and 57% in YTD FY21.

The health insurance premiums has been the primary growth lever of the non-life insurance industry since the commencement of the Covid-19 pandemic. This has resulted in the segment increasing its market share from 29.6% for YTD FY21 to 35.3% for YTD FY23. The health segment has grown by 23.6% for YTD FY23, which is lower than the growth of 25.9% witnessed for YTD FY22, it said.

CareEdge Ratings said that in YTD FY23, Motor insurance reached ₹65,363.6 crore and has continued to grow at over 4.5 times the rate reported for the similar period in FY22. "In YTD FY23, Motor OD grew by 16.9% (vs. 4.1% for YTD FY22) and Motor TP rose by 15.4% (vs. 3.1% for YTD FY22). For January 2023, Motor OD and Motor TP premiums grew by 13.4% and 12.7%, respectively. The growth is attributable to last year's low base, the increase in Motor TP rates and higher vehicle sales," it stated.

The rating agency estimates that the Indian non-life insurance market would grow by approximately 13-15% over the medium term. The health insurance segment will continue to grow at around 15-18% reaching the ₹1 lakh crore mark and motor insurance premiums would grow at 11.5%-13.5% crossing ₹85,000 crore in FY24. "The growth would be driven by popularity of health insurance products/schemes, growing demand for motor insurance (Third party & Owner damage) products due to post-covid rising demand for personal mobility space leading to a shift in vehicle ownership patterns, expected rise in per capita / disposable income levels, a greater volume of transactions under segments such as fire, marine, export credit, customised products especially in motor and health insurance and gradual introduction of new products," the report said.

Further, improving profitability, stabilisation of loss ratios which had increased during the pandemic, expenses of management would be controlled given the upcoming regulations around the same, enabling regulatory environment, strengthening of distribution networks (increase in the number of partners, digital issuance and online channels are expected to witness continued growth) higher investment yields due to a rising interest rate environment and adequate availability of growth capital will support growth.

Companies are expected to incur significant investments into overall digital enablement across the distribution channels along with expanding the online/digital distribution channel, simplifying the insurance purchase experience boosting underwriting capacities including automated/AI-based underwriting while maintaining a focus on cost improvement to sustain margins, it added. Overall, the outlook is expected to be stable in the medium term. However, intensification of competition and an uncertain geopolitical environment, and high inflation, can negatively impact economic growth and subsequently the non-life insurance sector.

(The writer is Saurav Anand.)

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PSU insurance firms to prioritize profitability over market share – The Times of India – 14th February 2023

Government-owned Insurance companies to focus on profitability than market share. According to ET Now, the government has directed insurance companies to prioritize profitability over market share in order to achieve long-term sustainability.

It should be noted that the stake of PSU general insurer, The New India Assurance declined drastically in January. This amounted to a drop from 20 percent in 2022 to 13.7 percent in January 2023. According to market experts, the government was less concerned about the share drop because the government was focused on encouraging the insurance sector to focus on profitability expansion rather than increasing market share.

Furthermore, as a cost-cutting strategy, PSU general insurers have recently begun restructuring their offices from a three-tiered structure to a two-tiered structure.

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Travel insurance for students studying abroad: Is it better to buy in India? – Financial Express – 11th February 2023



As the name says, Student Travel Insurance is designed to fulfil the needs of students studying abroad. The Insurance covers non-medical as well as medical emergencies with policy extension and auto-renewal features that remain active till the time a student stays in a foreign land. In other words, student travel insurance accounts for the insured's health and travel insurance.

Situations where travel insurance comes as a handy option for a student

Student travel insurance is mandatory for students who wish to study abroad. To eliminate the financial risks during an unforeseen event that may occur, buying a student travel insurance policy is beneficial.

Some of the common circumstances where travel insurance comes to rescue are:

- Hospitalization: covers any emergency hospitalization costs
- Medical bills: covers unforeseen medical expenses
- Loss of luggage: covers in case of any loss of luggage while travelling
- Travel delays: mishaps like travel delays are taken care of
- Personal liability: Medical bills, legal expenses, bodily injury or property damage are covered
- Study Interruption: Loss due to any interruption of studies
- Sponsor Protection: Covers the balance course fee in case of the death of the sponsor
- Also, covers passport Loss, etc.

Therefore, travel insurance is very significant for a student during their foreign trips for studies. If a student loses his or her passport, then the travel insurance will provide a temporary passport avoiding the mishap and taking care of the emergency situation.

What would travel insurance cost for a student?

Student travel insurance is a unique combination of health insurance and international travel insurance. It is specially designed for students studying abroad and provides any kind of financial expenses for unforeseen accidents. Indians between the ages of 16-35 years who are pursuing higher studies abroad are eligible for student travel insurance. The duration for the travel insurance ranges from 1 to 3 years.

Universities abroad have specific requirements of insurance for their students, which will be clearly mentioned on their university websites. Some universities mention minimum requirements during the admission process. Travel insurance costs a minimum of INR 1, 50, 00,000 cover for US and Canada, and INR 37,00,000 to INR 1,50,00,000 coverage for the countries like UK and others.

Does the cost vary from country to country? Does currency volatility have any impact on premium?

Student travel insurance covers every country on the globe but it does differ from country to country. They vary as per the accessibility and availability of the services and the prevailing economic conditions. For example, as the medical aid in the US is higher when compared to various other countries across the globe, and hence the coverage and premium for a travel insurance policy will be higher when compared to other countries. The cost also varies based on the risks covered by the countries, flight expenditures, and laws and regulations of the country.

What if the insured is not an adult? Can the policy be underwritten in such circumstances? How would the conditions vary?

The travel insurance policy will also provide coverage for a child under the age of 18 under a standard travel insurance policy. It depends on whether a child is travelling alone or with family or with friends.

The travel insurance policy covers:

- Theft, damage and loss of luggage – This covers for personal and baggage items during the trip
- Medical expenses – Medical expenses abroad are too expensive. If the insured is injured or falls ill during the trip, the policy covers the emergency medical expenses
- Activities and sports – Some of the selected activities and sports are covered under the policy
- Repatriation – covers the cost of getting them back to home
- Coronavirus cover – covers medical care or extended stay as a result of covid-19

Do these policies have a tenure? Is this policy a one-time purchase only during travel?

The travel insurance comes with specific tenure and also has auto-renewal option. Student travel insurance can range between the duration of 1 to 3 years. If the existing policy tenure expires then there is an auto-renewal option by the most insurance companies which can extend the stay with all medical and other coverages without any mishap.

Inclusions & Exclusions that a Student Should Be Aware Of

Student travel insurance policy offers different coverages, however, there are certain situations that are not covered (exclusions). Some of the common inclusions and exclusions of the travel insurance policy includes:

Inclusions:

Loss of luggage and other personal belongings: If the student loses passport/luggage/personal belongings during the foreign trip, the insurance policy will help in recovering those finances. In case of loss of passport, temporary passport will be provided.

Medical Emergency: The policy provides aid for illness, injuries, and hospitalization. Dental treatment expenses will be minimized.

Temporary Accommodation: In case of any natural calamities and disasters, the policy provides shelter needs and relocates the student.

Judicial Matters: The different countries have different laws and regulations. If a student falls into judicial matters the travel insurance will provide and compensate the damages and helps in getting bail.

Exclusions:

Loss of items inside bag and partial damage to luggage

Loss due to carelessness or negligence

Losses due to the situations like suicide, mental disorders, self-harm, anxiety, drug abuse, alcohol, stress, depression, HIV, and AIDS

Losses arising due to war or nuclear threat are not covered

Is the loss of passport and other important documents covered under travel insurance? What kind of medical cover is available?

In case of loss of passport and other important documents the travel insurance will provide temporary passport and other documents and also it will reimburse the actual expenses for making arrangements for a fresh passport and documents.

Travel insurance will cover all the medical expenses including personal injuries, illness, hospitalization, and accidents caused as mentioned in the policy document.

(The writer is Rakesh Goyal.)

[TOP](#)

Maximise your tax benefits and financial security this year with a sound investment plan – Financial Express – 10th February 2023



The beginning of the calendar year is considered a good time to take stock of your finances. Since this period also marks the last quarter of the ongoing financial year, it's also a chance to get an advanced start to your tax planning. While some early birds are already on track with their investments, many keep it for last-minute. However, starting now will allow you ample time to see where you stand financially and to be able to plan for any tax implications as the deadline nears.

Here are some of the best tax-saving products that can help you maximise your savings and achieve financial security at the same time:

Unit-Linked Insurance Plans

ULIPs (Unit-Linked Insurance Plans) are a type of insurance policy that combines the benefits of life insurance and investment. They offer a combination of risk coverage and investment opportunities, making them a popular choice among many investors. ULIPs are flexible and offer a wide range of investment options, including equity, debt, and balanced funds. This allows investors to choose an investment strategy that aligns with their risk appetite and financial goals. While ULIPs can yield up to 12-15% returns under favourable market conditions, one must remember that the returns on ULIPs are not guaranteed and depend on the performance of the underlying assets.

ULIPs offer a number of tax benefits that make them an attractive investment option. The premium paid for ULIPs is eligible for tax deductions of up to Rs 1.5 lakh in a financial year. So you can reduce your taxable income by the amount of premium you paid for your ULIP policy. Also, the death benefit provided by a ULIP is tax-free for the beneficiaries. However, the maturity proceeds under ULIPs are tax-free only when the total annual premium is less than Rs 2.5 lakh. In case you purchase more than one policy and the total premium exceeds Rs 2.5 lakh, then it will be subject to taxation.

Health Insurance

A comprehensive Health Insurance plan is just as crucial as a Life Insurance plan to protect one's future and ensure that their ambitions are not sidetracked by any unforeseen illness. The added advantage is that under Section 80D of the Income Tax Act, health insurance policies also qualify for substantial tax benefits. The best part is that this is in addition to the Section 80C limit of Rs 1.5 lakh, in which many tax saving instruments are clubbed with the same cap on tax-savings. Apart from Rs 25,000 deduction on premiums paid for medical insurance for yourself, your dependents, and your spouse, you can also claim tax-deductions on premiums paid to insure your parents' health. If your parents are above 60, there is an upper limit of Rs 50,000, making the total deductions limit Rs 75,000.

Guaranteed return plans

In today's volatile environment, investing in guaranteed return plans makes a lot of financial sense as they not only provide a higher and secure rate of return but also great tax benefits. Irrespective of the market conditions, these plans keep your capital safe and secure, and even offer a return of up to 7-7.5%, depending on the investor profile. Since these plans come with a life insurance component which is 10 times the annual premium, they are eligible for tax benefits under section 10 (10D). It, therefore, also offers tax rebate of up to Rs 1.5 lakh under section 80C.

Term Life Insurance

Term life insurance is a cost-effective way to provide financial protection for your loved ones in the event of your untimely death, and it also offers a number of tax benefits. The death benefit provided by a term life insurance policy is tax-free for the beneficiaries. This means that your loved ones will not have to pay

any taxes on the payout that they receive, which can provide significant financial relief during a difficult time.

Moreover, one can also claim tax deductions on the premium that one pays for the term insurance plan. This deduction is available up to a limit of Rs 1.5 lakh under Section 80C of the Income Tax Act. If the policyholder survives the policy term, Return of Premium plans also offer the benefit of a return of premium (excluding GST), which is also tax-free.

In conclusion, investing in the above-mentioned plans can offer significant tax benefits and help reduce an individual's overall tax burden by allowing them to claim deductions on their taxable income. However, it is important to consider the features of the plan and its suitability to the individual's financial goals before making any investment decision.

(The writer is Tarun Mathur.)

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HEALTH INSURANCE

Section 80D deduction: You can claim maximum deduction of Rs 1 lakh on health insurance to save income tax – The Economic Times – 16th February 2023



Individuals who have exhausted the Section 80C limit must be looking for other options to claim more tax deductions. Section 80D of the Income-tax Act, 1961, is one such option for taxpayers to save income tax. Section 80D offers tax deduction on the medical insurance premium paid.

Do note that you will not be able to claim this deduction if you opt for the new income tax regime; i.e., this deduction can be claimed only if you opt for the old tax regime in a financial year.

Here's all you need to know about claiming deduction under Section 80D to save income tax.

What is maximum deduction that can be claimed in Section 80D?

Section 80D offers deduction on the premium paid for a health insurance policy in a financial year. The deduction is available to the individuals paying health insurance premium for self, spouse and dependent children. Further, if an individual pays premium for health insurance policy of their parents, then additional deduction can be claimed under this section.

The amount of deduction that can be claimed under Section 80D depends on the age of the insured person. If a taxpayer below the age of 60 years has paid health insurance premium for self, spouse and dependent children, then he/she can claim deduction of Rs 25,000 for the financial year using section 80D.

Further, if the health insurance premium is paid for parents below 60 years of age, then additional deduction of Rs 25,000 can be claimed. Thus, an individual who pays health insurance premium for self and parents is eligible to claim maximum deduction of Rs 50,000.

The amount of deduction is different for senior citizens. If the age of the insured person is 60 years or more, then maximum deduction that can be claimed is of Rs 50,000 instead of Rs 25,000. Hence, maximum deduction that can be claimed by an individual under Section 80D varies between Rs 50,000 and Rs 1 lakh.

How much tax is saved under Section 80D?

The amount of income tax that can be saved under Section 80D depends on the income tax slab in which your taxable income falls in. If an individual's taxable income - after claiming deduction of Rs 25,000 under Section 80D - falls between Rs 2.5 lakh and Rs 5 lakh, then the tax rate is 5%. Here the tax saved will be Rs 1,300 (including cess).

Similarly, if the taxable income is between Rs 5 lakh and Rs 10 lakh, the amount of tax saved for deduction of Rs 25,000 is Rs 5,200 (including cess). For the highest tax rate of 30%, the tax saved is Rs 7,800 (including cess).

Deduction on preventive health-check ups

Section 80D allows an individual to claim tax benefit for preventive health check-up of Rs 5,000. This tax-benefit is available within the maximum deduction limit of Rs 25,000 or Rs 50,000, as the case maybe. Thus, if the health insurance premium paid for individual below 60 years is Rs 21,000, then additional benefit of Rs 4,000 can be claimed under preventive health check-up. Many diagnostic labs and hospitals offer preventive health check-up. Many diagnostic labs and hospitals offer preventive health check-up.

Tax benefit available on medical bills of senior citizens

If the senior citizen or senior citizen parent is not covered under any health insurance policy, then medical bills can help to claim deduction under Section 80D. The Income-tax Act was amended from FY 2018-19 to allow senior citizens or individuals incurring medical expenditure for senior citizen parents to allow claiming deduction on the basis of medical bills.

Other things to keep in mind

The deduction under Section 80D can be claimed if health insurance premium is paid via electronic or digital modes such as cheque, debit card, credit card, UPI etc. Hence, if the health insurance premium is paid in cash, then an individual will not be able to claim tax benefit under Section 80D. However, payment via cash is allowed for preventive health check-up.

(The writer is Preeti Motiani.)

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Choose a policy that needs pre-issuance medical test, say experts – Business Standard – 15th February 2023



Over a fifth of complaints in consumer courts pertain to the insurance sector. Consumer Affairs Secretary Rohit Kumar Singh said recently that he had flagged some issues to the Insurance Regulatory and Development Authority of India (Irdai) and insurers. Until the regulator acts, however, it is up to customers to safeguard themselves. An insurance policy is a legal contract. It may contain jargon that a lay person may not understand. “In the case of health insurance, for instance, a layperson may find it difficult to understand what falls under the definition of consumables and what doesn’t,” says Naval Goel, chief executive officer (CEO), PolicyX. The

documents can also be long. “There is scope for the regulator to get insurers to further simplify the wordings of policy documents and make them more concise,” says Susheel Tejuja, founder and managing director, Policyboss.

Some experts say ambiguity has reduced over the years. “In the case of health insurance, for instance, the regulator has standardised the definitions,” says Kapil Mehta, co-founder and CEO, SecureNow. What can you do? Reading the entire document may be difficult. Experts say customers must at least go through the key features page once the policy is issued. “Since understanding the nuances of a policy is difficult for a lay person, buy from a trusted person,” says Goel. While selling the policy, an agent may not reveal all the

details of the policy, like its key exclusions. Instead of buying from an agent, one option is to buy from an online aggregator. "When you buy online, the call is recorded," says Goel. If you buy from an agent, take his promises in writing. Before issuing the policy, the insurer's representative calls the customer to check that the latter has understood the policy's key features and that the facts provided in the proposal form are correct. Receive that call yourself.

Once the insurer issues the policy, it sends the full policy pack to the customer. This contains the policy wordings. "Customers get a free look period of 15 or 30 days. Go through the policy wordings carefully during this period," says Mehta. The pack will also contain a copy of your proposal form. Goel suggests checking that the details you provided the agent have been reproduced faithfully. If not, get changes made immediately. IrDAI has provided a standardised definition of pre-existing disease (PED). "These are diseases that the person has been diagnosed with within four years prior to buying the policy," says Mehta. At the time of purchasing the policy, declare all pre-existing diseases, past ailments and surgeries you have undergone transparently. Also declare habits like smoking. "Even if your agent prompts you not to declare something, don't pay heed to him," says Goel.

Mehta says if you have a choice between buying a product that has a medical test versus one that doesn't, go for the former. "That puts the responsibility on the insurer to identify any health issues at the time of issuing the policy," says Mehta. If the insurer offers complimentary health check-ups, avail of them. "This will ensure that the insurer has a record of your vital health stats, thereby making it even harder for it to reject a claim," says Tejuja. The laws put the onus on the insurer to prove non-disclosure. "Insurers generally refer to doctor's notes and the hospital's discharge summary to make their case of non-disclosure. If your documentation is watertight, you can disprove that charge," says Mehta.

(The writer is Karthik Jerome.)

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Plan to quit job? switch the group insurance to individual one – The Times of India – 15th February 2023

The guarantee of health coverage provided by medical insurance gives us peace of mind during medical emergencies or even in planned hospitalization. When a person is hired, they are guaranteed access to the health insurance that the company provides for its employees. But what if someone leaves their job or is fired in these days of layoff culture? Will he still be able to receive health insurance after quitting?

The majority of people are unaware of the fact that It is possible to convert a company health insurance policy to an individual or family policy, but the specific policy and the insurance company will determine whether this is permitted and how it can be accomplished.

According to the Insurance Regulatory and Development Authority of India's (IRDAI) Health Insurance Regulations, 2016, employees who are covered under a group health insurance policy provided by their employer have the right to migrate to an individual or family health insurance policy. This means that if an employee leaves their job or is no longer covered under the group policy, they can continue to be covered under an individual or family policy, without losing the benefits they have accumulated under the group policy.

The regulations also specify that insurers must provide a window of at least 30 days every year for such migration, during which the employee can choose to switch to an individual or family policy offered by the same insurer. This migration must be done without any loss of continuity benefits that the employee had under the group policy, such as waiting periods, sub-limits, and other such features. The migration must also be done at the same premium as would be applicable to a new policyholder with similar coverage.

It is common for group health insurance policies to have waiting periods for coverage of pre-existing conditions or certain ailments. The waiting period is the time during which the policy does not provide coverage for certain medical conditions.

When an employee joins a group health insurance policy, the start date of their policy is usually used to determine the waiting period for coverage of pre-existing conditions or certain ailments. If an employee had a medical condition before joining the group policy, the waiting period will start from the policy's start date, and the employee will not be able to claim coverage for that particular condition until the waiting period is over.

It is important for individuals to be aware of their options and the timeline for porting their health insurance coverage from a group plan to an individual or family plan with the same insurer.

How and when to apply for porting?

We have to apply to the insurance company to port the policy at least 45 days before your last working day with the employer. This gives the insurance company time to process the application and ensure continuity of coverage for the individual or family sudden after your last day at office. If the individual does not initiate the process within the 45-day period, they have an additional five days after their last working day to inform the insurer about their decision to migrate to an individual or family policy. However, it's the insurer's prerogative whether to issue the policy or not, and how it wants to price it, based on its underwriting guidelines.

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SURVEY & REPORTS

Covid effect: Fin security top goal in survey – The Times of India – 17th February 2023

There has been a dramatic change in life goals of Indians since the Covid pandemic.

Before Covid, in 2019, the top goal of respondents was to provide for their children's education with 36 percent citing this as a priority. This was followed by the desire to lead a peaceful life (31 percent) and own a house (29 percent). But since the pandemic, in the 2023 round of the survey by Bajaj Allianz Life Insurance in association with Kantar, 71 percent of respondents said that their top goal was to have financial security for family. This was followed by the desire to have a peaceful life (59 percent) and buy a property (58 percent).

While pre-pandemic, the respondents only spoke of five key life goals, the plans had widened post-Covid with at least 11 goals being sought on average. In metros, the respondents were even more ambitious, seeking as much as 13 life goals. The biggest jump in terms of votes from respondents was for health goals with as many as 65% saying it was key as against 35% before the pandemic. The change was sharpest among respondents in non-metro locations.

Earlier, only 35% of the respondents had retirement goals. But the number jumped to 70% in the 2023 survey. Also, in 2023, 84% of respondents sought a balanced life as against 51% in 2019. "It's interesting to observe that India's goals are a mix of accomplishing important ones like financially securing their family and leading a balanced life, along with having an aspiration to do more in life. This reflects the strong tenets of the growth economy of India, and the increasing confidence among Indians," said Bajaj Allianz Life MD & CEO Tarun Chugh.

According to Chugh, the fact that life goals have increased from five to 13 is a sign of growing aspirations. "Post-pandemic, the country has emerged stronger and our fundamentals to progress as a nation has outshone many, which I believe has fuelled aspirations," he added.

Bajaj Allianz Life Insurance chief marketing officer Chandramohan Mehra said the increased focus on health is reflected in the growing sales of smartwatches with health monitors and downloads of fitness apps, which have more than doubled.

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Insurance Sentiment 2023: Increasing demand for add-ons, personalised services – The Economic Times – 15th February 2023



With increasing demand for Add-ons & personalised services in the Indian Insurance Market, customers are now expecting better services and clarity in products, according to a recent survey conducted by Bajaj Capital Insurance to understand consumer sentiments towards insurance as a protection product.

Revealing some important insights, The survey polled 3500 Insurance Consumers across India in the age group between 30-55 years, Including both new policy buyers & those who renewed their Insurance Policy in 2022.

When asked about the factors influencing the insurance buying decision of the consumer, the survey found that in

motor insurance, 42 percent chose ease of buying and 36 percent went with the number of benefits offered. The survey also found that 79 percent of consumers prefer buying or renewing their motor insurance digitally with the help of an expert. In health insurance, 45 percent of consumers were adequately covered under Individual Health Insurance while only 32 percent had a family floater health Insurance. However, only 8 percent of those with family floater policies were adequately insured.

Add-ons, such as super top-up, critical illness cover, and engine protection cover, are becoming popular among customers looking to enhance protection, the survey added. The survey revealed that 62% of the respondents want to increase their health Insurance coverage with Super Top-up & 28% want to port their policy for better features & comprehensive coverage. While, 42% of consumers who had Life Insurance wanted to enhance their coverage. In terms of claims settlement preferences, 61% of respondents need physical assistance while filing a claim while 33% are okay with filing a claim online without any help.

Tier 2,3 cities significantly underinsured

The survey revealed that there is still a significant portion of the population that is underinsured, particularly in tier-2 and tier-3 cities.

"80% of respondents from tier-2 & tier-3 cities did not have health insurance or life insurance plans, while the rest of the respondents had only basic coverage. This highlights the need for greater awareness and education about the importance of insurance as a protection product, particularly in tier-2 & tier-3 cities," said Sanjiv Bajaj, Jt. Chairman & MD, Bajaj Capital.

The survey reiterates the importance of solution-based products. Over 52% of the respondents feel underinsured, despite most owning Health and life insurance.

Need to leverage social media and other digital tech

In today's digital age, with a large and diverse population in India that heavily relies on mobile phones and internet connectivity, it is imperative for insurance providers to effectively leverage social media and other digital technologies, it said.

This can allow for streamlined processes such as Know Your Customer (KYC) verification, customer onboarding, virtual claims adjustments, automated underwriting, and more.

The survey added that these tools can help improve the overall customer experience and increase operational efficiency, thus making the country a highly insurance penetrated market in the world.

Insurance no more an optional expense

It is known that In India, the cost of medical treatment and other unexpected emergencies can be significant and can place a heavy financial burden on families. Out-of-pocket expenditure, or paying for these expenses directly, can deplete savings and put families at risk of financial insecurity.

Insurance can help cover these costs and protect families from having to use their savings or take on debt to pay for medical treatment.

Insurance, therefore, is not just an optional expense, but an essential means of ensuring financial security and protecting against the potential financial devastation of unexpected emergencies. While the COVID-19 pandemic has brought about significant disruption and hardship, it has also presented an opportunity for the insurance industry, the survey pointed out. The crisis has made people more aware of the importance of health insurance, and many are now more open to considering coverage. As a result, Insurers have a unique opportunity to increase their presence and reach in the Indian market, it added.

(The writer is Sheersh Kapoor.)

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More Indians prefer spending on health insurance now, study finds – Outlook India – 11th February 2023



A recent survey by Aditya Birla Health Insurance Co. Ltd. across 19 cities in India on the perceptions and willingness to spend on health insurance has thrown up some interesting facts. The study “The New Health Normal” revealed that 85 per cent of the population prefers cutting down on luxury items and spending more on health insurance. Of the 6,600 respondents, over half claimed to have set aside money for medical emergencies, and 84 per cent believe their health and wellness-related awareness has increased post-Covid. However, many respondents said they are hesitant to reach out to experts for mental health talks. While 89 per cent of the respondents believe

health insurance should include mental health consultation, 35 per cent were hesitant to consult experts because of the cost implication.

In addition, nearly one in every three respondents, or 32 per cent, do not regularly monitor health stats, such as weight and blood pressure. The report, released on Friday, noted that the rising uncertainty and anxiety alongside the Covid-19 pandemic brought a strong focus on the issue of mental health. Two out of three respondents said they avoided sessions with experts because of cost. The report underscored the need to increase awareness of mental health issues. Regarding the findings, Mayank Bathwal, CEO of Aditya Birla Health Insurance, said, “Due to the pandemic, people are realising the importance of a health-focused lifestyle and are actively seeking avenues to support this healthy lifestyle online and offline.” Bathwal has the Covid pandemic has impacted people’s behavior in many ways—the technology they use, how they monitor their diet, exercise regularly, etc. “However, as ever, adopting a new habit is a challenge for most, and the need of the hour is to motivate and encourage people to complete the last mile in their health journey,” he added.

Other Key Findings

The survey found that more than half of the respondents searched or watched online fitness videos, while 69 per cent used wearables to check their health stats. One in every three respondents (32 per cent) admit they do not monitor their health regularly, such as weight and blood pressure. Another revelation was people’s attention to financial preparedness for medical emergencies. The report said that the pandemic had changed their outlook toward financial readiness, especially regarding medical urgency. Health insurance awareness has also increased in the past few years. Around 52 per cent of respondents said they have planned for medical emergencies. Also, more than 78 per cent of the respondents said they seek employers that insure their family’s medical expenses.

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Less than 1% corporates offer infertility coverage in group health insurance: Survey – Live Mint – 10th February 2023

Less than 1 percent of corporates in India offer infertility coverage under group health insurance, according to a survey by Plum, an employee health insurance platform. Among Plum's clients, approximately 2 percent have already incorporated IVF covers under their group policy. Renowned companies such as Google and Flipkart have IVF covers in their corporate health policies. On Sexual and Reproductive Health Awareness Day, Plum roots for more inclusive Group Health Insurance policies, with adequate infertility treatment covers. According to World Health Organization's estimate, the overall prevalence of primary infertility in India is between 3.9 to 16.8 percent. Doctors of All India Institute of Medical Sciences (AIIMS) have reported that over 12–18 million couples in India are diagnosed with infertility every year. Infertility cases (among men and women) are on the rise and so is the cost of treatments. For example, the cost of Intracytoplasmic sperm injection (ICSI) and in vitro fertilization (IVF) (two common treatments for infertility), ranges between ₹1 lakh to ₹4 lakh with no guarantee of success. This means, a couple might have to undertake these treatments more than once, which can be both expensive and mentally draining.

Plum aims to raise awareness on a related topic of social importance i.e., male infertility. Discussions around sexual wellness and reproductive health issues continue to be avoided, especially when it comes to male infertility that has been on the rise in recent years. According to a recent report, on 'trends on male factor infertility' approximately 50% infertility cases are due to the 'male factor', owing to the reproductive anomalies in the male. Dr. Sukesh Kathpalia, a specialist in Obstetrics and Gynaecology, part of the Senior team of specialists at Plum Telehealth said, "The discussion and awareness around infertility remains a taboo. In India, infertility is often perceived as a woman's issue as she bears the child. However, that mindset must change. Male infertility is on the rise and it has become a key reason for many couples being unable to conceive especially between the age group of 29 to 35 years. Due to social stigma, male fertility problems are overlooked and most often go undiagnosed and untreated."

(The writer is Navneet Dubey.)

TOP

PENSION

Modi govt may sweeten new pension plan – Financial Express – 15th February 2023



With demand growing for the old pension system (OPS) with assured benefits, the Centre and some state governments are exploring ways to salvage pension reforms, by treading a middle path between the fiscally-expensive OPS and the reform-oriented National Pension System (NPS). One option being considered is to offer guaranteed pension to government staff at around 50% of the last pay drawn under the NPS by tweaking the existing scheme without burdening the exchequer too much. While OPS is based on the concept of defined benefits, the principle that underlie NPS is defined contribution.

Currently, under the NPS, also called new pension scheme, 60% of the accumulated corpus from contributions during a person's working years is allowed to be withdrawn at the time of retirement. Such withdrawal is also tax-free. The balance 40% is invested in annuities, which according to an estimate, could provide a pension equivalent of about 35% of the last pay drawn. However, it is not a guaranteed pension as returns are linked to markets.

Officials reckon that the NPS could be revised in such a way that at the time of retirement, an employee gets back her contribution of roughly 41.7% (built from a contribution of 10% of pay) as a lump sum amount. "An analysis showed that if the balance 58.3% corpus built from the central/state government contribution (14%) is annuatised, the pension in NPS could be around 50% of last drawn salary," an official aware of the deliberations in the government said. If actual returns work out to be less than the guaranteed amount, the gap could be bridged by the government concerned by contributing a little more to NPS, the official added. The only problem with this model is unlike in OPS, which revises pension upward periodically to adjust for inflation and increments due to future Pay Commission awards, it would be a tricky job under NPS as the corpus for pension would remain constant, post-retirement. Officials, however, said there are ways to address this issue too. Instead of investing the pension corpus in low-yield annuities, the funds could generate a higher return (currently annuities generate around 5-6% while NPS returns are close to 10%) by keeping the corpus in the NPS system under a scheme to be able to meet the aspiration of periodic revision in pensions.

While a possible hike in salary in the Eighth Pay Commission is factored in to generate 50% of the last pay drawn, NPS could still face issues if people retire in large numbers just after another Pay Commission award is implemented. That would mean without contributing much, they would be entitled to a very high pension based on revised pay. Officials say this could be addressed by the government by contributing a little more, say 16% rather than 14% or periodically contributing a little more to the pension corpus based on actuarial analysis. Secondly, as people retire from the NPS system from 2036 and some of these die in natural course, their pension capital amount would return to the government. This would augment the government's resources to fund pension without relying too much on the budget in future. Officials said a lot of work in revamping NPS has to be done in consultation with employees to work out an implementable scheme to address issues such as pension at the reduced rate to the spouse after the death of pensioners like in OPS (spouse gets half of the sum paid to pensioner). Since FY20, the central government staff has been eligible for a deduction of 24% of salary (employees' contribution of 10% and employers' share of 14%) for NPS contributions and as many as 15 state governments have subsequently enhanced employers' share to NPS to 14%.

In the government-backed Atal Pension Yojana that guarantees a minimum monthly pension of `1,000-5,000 to the lower-income group subscribers based on their contributions, the actuarial estimates found a corpus gap of `5,000-6,000 crore, which the Centre is bridging from Budget with a provision of `800 crore in FY23 to start with. Fixed overheads in the form of establishment expenditure (largely towards salaries, wages and bonuses and pensions) account for more than 50% combined revenue expenditure of states. This pressure would continue on resources-starved states for another two decades till OPS-pensioners reduce.

The Pension Fund Regulatory and Development Authority (PFRDA) has rejected the demand of Rajasthan, Chhattisgarh and Jharkhand for custody of the accumulated corpus under the NPS after they announced to return to OPS in 2022, saying the law did not permit such withdrawals. These states have stopped fresh contributions to NPS. However, even the states such as Punjab which have announced return to OPS will not find it easy due to their messy finances. West Bengal, even though it did not join NPS to make staff happy, it also did not implement 7th Pay Commission award to keep salary and pension bills in check. Its staff still get paid as per Sixth Pay Commission award without much annual increase in dearness allowance whereas most other states have implemented 7th pay panel award and their staff get a higher salary and could get a higher pension under NPS as well than West Bengal, analysts said.

While ruling out reversing the pension reforms and going back to the fiscally-disastrous unfunded OPS, which entails 50% of the last pay drawn as pension from the budget to the pre-2004 staff, the political executive is conscious of the increasing resonance of demand for OPS amid a spate of state/general elections in 2023-2024.

(The writer is Prasanta Sahu.)

TOP

Millions of users jittery over delays at EPFO – Financial Express – 13th February 2023



Amid a clutch of developments that have a bearing on the large corpus it manages, the Employees' Provident Fund Organisation (EPFO) is keeping its nearly 70 million subscribers on tenterhooks with its slow-moving approach. The retirement fund body is yet to start the process to determine the return on EPF savings for 2022-23. While no date is set yet for the EPFO's Central Board of Trustees (CBT) to meet, a vital investment oversight panel of the board is in suspended animation.

Several trustees of the CBT have expressed unhappiness over the situation and said they do not know the status on various developments at the EPFO, including the interest rate for 2022-23, the pending interest credits for 2021-22 and the action being taken on the recent Supreme Court ruling on higher pension for EPF members. The EPFO, the country's second-largest fund manager, had total investments of over Rs 11 trillion as on March 31, 2022. The suspense on this year's EPF rate is even as two-thirds of the subscribers are still to get the 8.1% interest credit for 2021-22. More importantly, the board's Finance Investment and Audit Committee (FIAC), which is responsible for monitoring the EPFO's investments and recommending the EPF rate each year based on the earnings on its massive portfolio, is yet to be reconstituted after it was disbanded late last year.

"For over three-and-a-half months, there has been no FIAC and everyone is waiting to know when it will be formed. Typically, the FIAC is reconstituted before the previous one is dissolved," said a source, adding that there is no clarity on the income of the EPFO for this year. "Nobody knows how the fund is performing or the details of investments made in the last six months. How will the interest rate be fixed when the FIAC and trustees do not know what is happening?" the source questioned.

Conventionally, the FIAC meets to review the earnings and investments of the fund as well as the proposed rate of interest, which is then taken up to the CBT, chaired by the Union labour and employment minister. The last meeting of the CBT was held on October 31. A proposed subsequent meeting was called off and no fresh date has been conveyed since then. A detailed questionnaire on these issues from FE to the Central Provident Fund Commissioner, who heads the EPFO, did not elicit a response till the time of going to press.

The EPFO has said that the work to credit interest for 2021-22 into each member's account is in progress, but employees who are part of the scheme remain anxious. The delay was initially attributed to a software glitch as the passbooks of members had to be split into taxable and non-taxable contributions so that a tax on EPF savings' income, introduced in 2021-22, can be deducted on contributions above Rs 2.5 lakh. The Central Board of Direct Taxes, on its part, has said that any work on their side for implementing the tax, has been completed and it is up to the EPFO to credit the interest into members' accounts.

The meeting of the CBT for fixing the interest rate for 2021-22 had also been delayed and it had met in March 2022, and had declared an interest rate of 8.1% of the fiscal. Once approved by the CBT, the rate of interest then has to be ratified by the ministry of finance, which it did in June 2022. Chaired by the Union labour and employment minister, the CBT consists of officials of the Union labour ministry and state labour departments as well as representatives of employers and employees.

Of the EPFO corpus, 18% was invested in central government securities as at the end of last financial year and 42.7% was invested in state development loans. The retirement fund manager had also invested 5.1% of its investible corpus in bonds of private sector companies while 9.24% was invested in exchange-traded funds. On November 4, the SC had upheld the Employees' Pension (Amendment) Scheme, 2014, giving another opportunity to members who have availed of the employees pension scheme, to opt for higher annuity over the subsequent four months. Employees who were existing EPS members as on September 1, 2014, have got the chance to contribute up to 8.33% of their 'actual' salaries — against

8.33% of the pensionable salary capped at Rs 15,000 every month — towards pension. The court had said a beneficial scheme can't be defeated by reference to a cut-off date where the employer was not following the ceiling limit of Rs 5,000 or Rs 6,500, and had deposited 12% of the actual salary. The EPFO subsequently issued a circular asking field officers to implement the SC decision, but there is no clarity on the financial cost of the move.

(The writer is Surabhi.)

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NPS states to get extra 0.3% borrowing space in FY24 too – Financial Express – 13th February 2023



The Centre will permit an additional borrowing limit of about 0.3% of Gross State Domestic Product (GSDP) to states in FY24 to cover their annual contribution to the National Pension System (NPS). A similar facility is available to states for the current fiscal year also. The move will give the states concerned a combined extra borrowing space of Rs 70,000 crore in the next financial year.

The move is intended to encourage states to stick to NPS, a key fiscal reform, and ensure that the NPS states are not disadvantaged, when a clutch of others are returning to the old pension scheme (OPS) which is based on the concept of defined benefits, sources told FE. This facility would be in addition to the states' normal borrowing ceiling of 3% of GSDP for FY24 and 0.5% linked to power sector reforms. It is to be noted that the Centre's interest-free capex loan of Rs 1.3 trillion is also over and above the borrowing ceilings for FY24.

In the wake of some states' announcing their plan to return to non-contributory defined benefit system, the Centre had offered this additional borrowing limit equivalent to NPS contribution in FY23 also to encourage states to remain in the NPS, which could reduce their future unfunded liabilities. There is an increasing divergence of practices between different state governments regarding the method of handling pension obligations for the government staff recruited after 2004. Some of the states have followed or have indicated a decision to follow a system of pay-as-you-go OPS. Some have issued orders adopting the NPS but have not made due contributions.

In the case of the first two categories of states, namely, those which have been on OPS or have now indicated a shift to such a system and those which have not made contributions to NPS, the fiscal deficits don't reflect the contributions towards future liabilities for payment of pension. On the other hand, those states which have made the necessary contributions would give the impression of a higher fiscal deficit. To ensure a proper, common and complete yardstick for all the states, the net borrowing ceiling of each state would be augmented by the amount of pension contributions paid to the NPS by the state government and its employees.

The cumulative number of state government subscribers of NPS is 5.98 million with contributions amounting to Rs 3.24 trillion. About Rs 4.27 trillion worth of assets are under management of NPS by state governments as on December 2022. For the Central government, there are 2.35 million NPS subscribers with contributions amounting to Rs 1.75 trillion and Rs 2.75 trillion worth of total assets under management as on December 2022.

The Pension Fund Regulatory and Development Authority has rejected the demand of Rajasthan, Chhattisgarh and Jharkhand for custody of the accumulated corpus under the NPS after they announced their decision to return to OPS, saying the law does not permit such withdrawals. Under NPS, a monthly contribution of 10% of basic pay and DA is paid by the employees and matched by the employer (Centre

and most states have since enhanced their contribution to 14%) to the corpus fund managers appointed of pension regulator PFRDA. Reverting to OPS may give some temporary relief to the state governments as it would stop monthly contributions to NPS, but the rising components of salaries/wages, unfunded pension and interest payments could lead to a debt trap for the state in the coming years, analysts have said.

(The writer is Prasanta Sahu.)

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GLOBAL NEWS

Japan: Life Insurance sector's outlook is stable on strong capital amid rising long-term interest rates – Asia Insurance Review



Moody's Investor Service says that its outlook for Japan's life insurance sector is stable, reflecting its expectation that insurers' capitalisation will stay strong as rising super long-term interest rates reduce liabilities, which offset the decline in bond prices.

Mortality and morbidity margins will remain steady as claims related to the coronavirus pandemic dissipate toward the end of March 2023.

Capitalisation

Capitalisation will remain strong, supported by rising interest rates and internal capital generation. Rising super long-term interest rates reduce the present value

of future insurance claims, which more than offset the declines in bond prices, and make it more economical for life insurers to lengthen asset duration to reduce interest rate risk.

Stable profit and the continuing runoff of older policies with high guaranteed rates contribute to stable internal capital generation.

Insurers are already managing their capitalisation and risk in line with new economic capital regulations that will likely take effect in April 2025. The new regulations will promote better capital management, and balanced risk-taking, and make capital metrics more reflective and responsive to interest-rate changes. New economic capital disclosures will also improve the comparability of the Japanese insurers' capitalisation with their global peers that are adopting the accounting standard IFRS 17.

Mortality and morbidity

Mortality and morbidity margins will recover as pandemic-related claims decline in the second half of the fiscal year ending on 31 March 2023 (FY2022). New annualized net premiums (ANPs) in FY2022 are likely to exceed those of FY2019 after declining through the COVID pandemic.

Declining mortality rates and increasing sales of medical protection products that generate wide morbidity margins will offset the modest contraction in mortality margins, which is driven by lower premium rates on new policies originated after a mortality table revision in 2018 and the inclination of young people to not purchase death benefit coverage.

Stable investment returns

Rising domestic and foreign interest rates will boost investment yields and a depreciated Japanese yen compared to the past years will increase the yen value of non-yen income and assets. However, increasing foreign-currency hedging will compress net investment yields on foreign bonds. Global inflation, the economic slowdown and geopolitical tensions will elevate market volatility.

Stock dividends from insurers' broadly diversified portfolios will also remain stable because large companies are better able to cope with rising input costs. Additionally, yen depreciation boosts yen-based profit of companies with global operations when their overseas profit is converted into yen.

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